



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 912 838 706
Organisasjonsform: Aksjeselskap
Foretaksnavn: CAR CARRIER INVESTMENTS AS
Forretningsadresse: c/o Norwegian Car Carriers AS
Drammensveien 167
0277 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Erik Rønning
Dato for fastsettelse av årsregnskapet: 16.06.2020

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, 18.08.2021



Resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	0
Kostnader			
Annen driftskostnad	2	69 496	85 098
Sum kostnader		69 496	85 098
Driftsresultat		-69 496	-85 098
Finansinntekter og finanskostnader			
Annen renteinntekt		2 871	1 838
Sum finansinntekter		2 871	1 838
Nedskrivning av finansielle eiendeler		1 031 778	
Rentekostnad til foretak i samme konsern		4 423	17 290
Annen finanskostnad		4 346	22 902
Sum finanskostnader		40 193	40 193
Netto finans		-1 037 676	-38 354
Ordinært resultat før skattekostnad		-1 107 172	-123 453
Ordinært resultat etter skattekostnad		-1 107 172	-123 453
Årsresultat		-1 107 172	-123 453
Årsresultat etter minoritetsinteresser		-1 107 172	-123 453
Totalresultat		-1 107 172	-123 453
Overføringer og disponeringer			
Utbytte		0	0
Udekket tap		-1 107 172	-123 453
Sum overføringer og disponeringer		-1 107 172	-123 453



Balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Sum varige driftsmidler		0	0
Finansielle anleggsmidler			
Investering i datterselskap	5	123 075 456	118 107 234
Sum finansielle anleggsmidler		123 075 456	118 107 234
Sum anleggsmidler		123 075 456	118 107 234
Omløpsmidler			
Varer			
Sum varer		0	0
Fordringer			
Andre fordringer		142	1 438
Sum fordringer		142	1 438
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	3	290 314	293 313
Sum bankinnskudd, kontanter og lignende		290 314	293 313
Sum omløpsmidler		290 456	294 751
SUM EIENDELER		123 365 912	118 401 985

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: USD	Note	2019	2018
Egenkapital			
Innskutt egenkapital			
Selskapskapital	4	45 789	38 931
Overkurs	4	172 507 107	166 513 965
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		172 552 896	166 552 896
Opptjent egenkapital			
Annen egenkapital	4	-49 300 737	-48 193 566
Sum opptjent egenkapital		-49 300 737	-48 193 566
Sum egenkapital		123 252 159	118 359 331
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld		0	0
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Kortsiktig konserngjeld	6	108 083	31 502
Annen kortsiktig gjeld		5 670	11 153
Sum kortsiktig gjeld		113 753	42 655
Sum gjeld		113 753	42 655
SUM EGENKAPITAL OG GJELD		123 365 912	118 401 985



Konsernets resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt		37 193 354	41 516 551
Sum inntekter		37 193 354	41 516 551
Kostnader			
Lønnskostnad		1 872 237	2 166 121
Avskrivning på varige driftsmidler og immaterielle eiendeler		14 885 697	14 172 848
Nedskrivning av varige driftsmidler og immaterielle eiendeler		2 174 393	
Annen driftskostnad		11 871 733	11 585 337
Sum kostnader		30 804 060	27 924 306
Driftsresultat		6 389 294	13 592 246
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		1 929 500	1 929 500
Inntekt på andre investeringer		10	9
Renteinntekt fra foretak i samme konsern		993 028	763 733
Annen renteinntekt		187 447	201 028
Annen finansinntekt		25 936 493	18 763 959
Sum finansinntekter		29 046 478	22 373 437
Verdireduksjon andre finansielle instrumenter vurdert til virkelig verdi		1 977 420	
Rentekostnad til foretak i samme konsern		993 028	763 733
Annen rentekostnad		10 768 405	11 400 330
Annen finanskostnad		27 672 566	20 725 736
Sum finanskostnader		41 411 419	32 889 799
Netto finans		-12 364 941	-10 516 363
Ordinært resultat før skattekostnad		-5 975 647	3 075 883
Ordinært resultat etter skattekostnad		-5 975 647	3 075 883
Årsresultat		-5 975 647	3 077 666



Konsernets resultatregnskap

Beløp i: USD	Note	2019	2018
Minoritetsinteresser		-459 378	-229 533
Årsresultat etter minoritetsinteresser		-5 516 269	3 307 199
Totalresultat		-5 516 269	3 307 199
Overføringer og disponeringer			
Utbytte		0	0
Udekket tap		-5 516 269	3 307 199
Sum overføringer og disponeringer		-5 516 269	3 307 199



Konsernets balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom		928 577	
Skip, rigger, fly og lignende		309 913 893	323 759 515
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		55 229	68 672
Sum varige driftsmidler		310 897 699	323 828 187
Finansielle anleggsmidler			
Investeringer i aksjer og andeler		183	183
Andre fordringer			781 827
Sum finansielle anleggsmidler		183	782 010
Sum anleggsmidler		310 897 882	324 610 198
Omløpsmidler			
Varer			
Varer		530 608	1 062 802
Sum varer		0	0
Fordringer			
Kundefordringer		205 827	203 059
Andre fordringer		1 091 414	1 998 998
Sum fordringer		1 297 241	2 202 056
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		12 886 863	17 928 945
Sum bankinnskudd, kontanter og lignende		12 886 863	17 928 945
Sum omløpsmidler		14 714 712	21 193 804



Konsernets balanse

Beløp i: USD	Note	2019	2018
SUM EIENDELER	1	325 612 594	345 804 001
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		45 789	38 931
Overkurs		172 507 107	166 513 965
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		172 552 896	166 552 896
Opptjent egenkapital			
Annen egenkapital		-37 256 789	-31 761 566
Minoritetsinteresser		14 859 871	15 309 250
Sum opptjent egenkapital		-22 406 918	-16 452 317
Sum egenkapital		150 145 978	150 100 579
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser		187 216	235 486
Utsatt skatt		30 941	39 239
Sum avsetninger for forpliktelser		218 157	274 724
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner		148 412 371	169 312 342
Øvrig langsiktig gjeld		2 149 193	182 533
Sum annen langsiktig gjeld		150 561 564	169 494 875
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		20 772 592	20 772 592
Leverandørgjeld		82 549	798 581
Betalbar skatt		87 590	91 273
Skyldige offentlige avgifter		149 777	151 498
Annen kortsiktig gjeld		3 594 389	4 119 879



Konsernets balanse

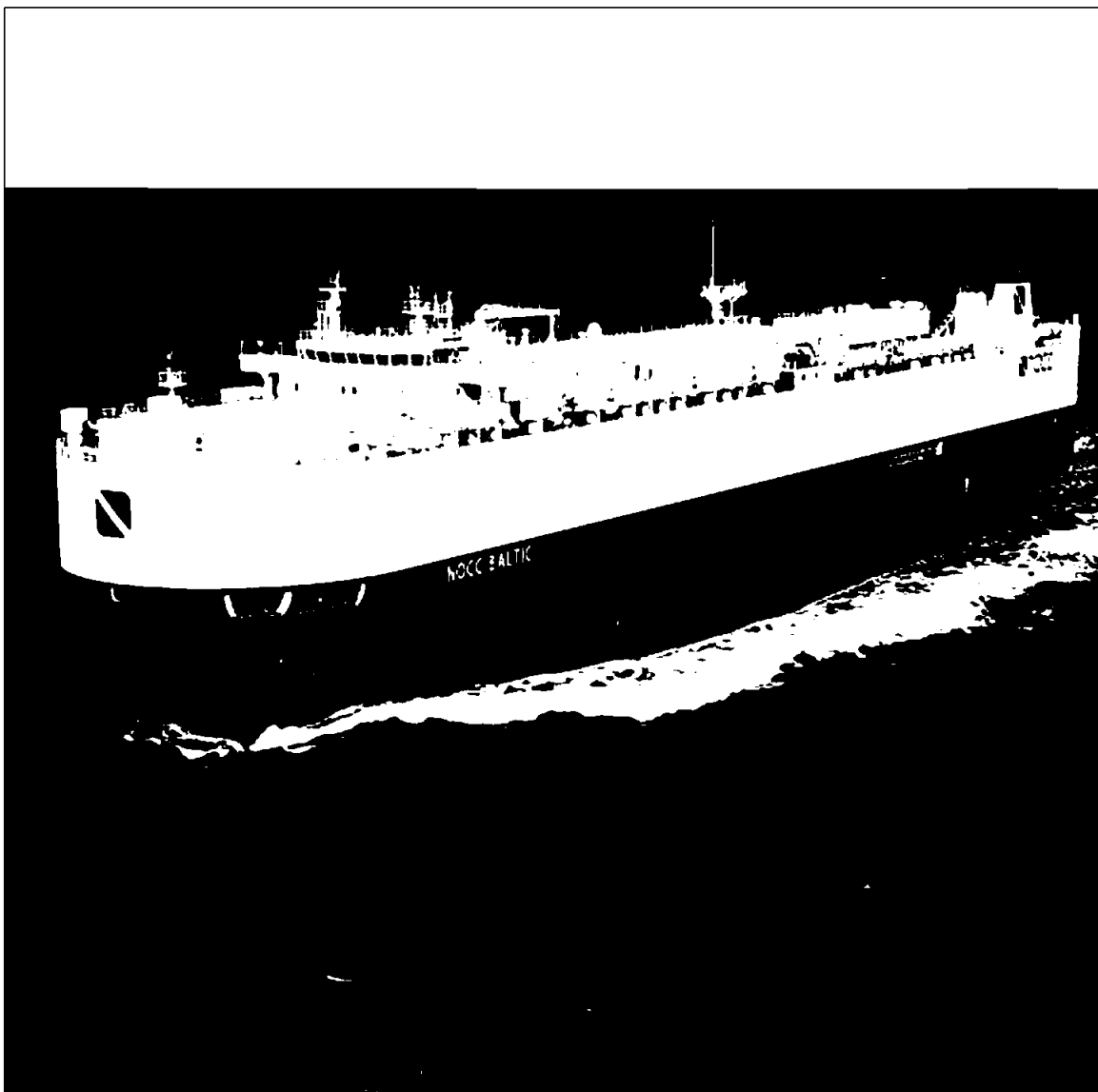
Beløp i: USD	Note	2019	2018
Sum kortsiktig gjeld		24 686 897	25 933 829
Sum gjeld		175 466 618	195 703 422
SUM EGENKAPITAL OG GJELD		325 612 594	345 804 001



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CAR CARRIER INVESTMENTS AS

ANNUAL REPORT 2019





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BOARD OF DIRECTORS' REPORT

The market for car carriers started the year on a weak note. The activity for car carriers was anticipated to improve during 2019, in line with improving new car sale. However, the market was taken by surprise, as world-wide new car sales declined for the second year in row, resulting in a continued weak and disappointing market development for car carriers.

BUSINESS SUMMARY

Car Carriers Investment AS ("CCI") is the parent company for Norwegian Car Carriers AS ("NOCC"), and its subsidiaries (collectively, the "Group"). The Group owns and operates a fleet of seven pure car and truck carriers ("PCTC") specially designed for the transportation of cars and other rolling cargo. Commercial management is handled from the Company's office in Oslo, Norway, while the technical management, including crewing of the vessels, is outsourced to third party managers. The strategy of the Company is to grow its presence as a PCTC tonnage provider with focus on large and flexible PCTCs to be employed under period charters to car carrier operators.

2019 started on a weak note after declining new car sales during last part of 2018. It was anticipated that new car sales should gradually improve during 2019 leading to an improved market environment. However, the market was taken by surprise as new car sales continued the declining trend, and ended with a negative growth for the second year in a row. On a positive note, the worldwide PCTC fleet also declined during the year as five newbuildings were delivered and 17 vessels exited the fleet in 2019.

Because of the continued weak market rates, the Group continued to re-employ vessels on short-term employment awaiting an improvement in the market rates before longer term employment will be considered. The operational performance of the fleet kept improving during the year and expenses were reduced compared to previous year. The technical managers operated the fleet without any serious incidents. Two vessels were dry-docked during the year, on time and in line with budgeted cost.

CCI posted a consolidated net loss after tax of USD 6.0 million for 2019 compared to a net profit of USD 3.1 million for 2018.

As per 31 December 2019, CCI had total assets of USD 325.6 million and a book equity ratio of 46% up from 43% the previous year.

The Group owns a modern fleet, has an efficient organization and is well positioned for an expected market recovery.

ANNUAL ACCOUNTS

The annual accounts have been prepared on a going concern basis and, in the opinion of the Board, the accounts

provide an accurate representation of the Group's business. The Board confirms that the going concern assumption has been met. The Group has obtained an exemption from the Norwegian Accounting Act (§ 3-4), and will only issue its annual report in English. Numbers in parenthesis refer to the previous year (2018).

CCI – GROUP

Income statement

For the full year 2019, the Group's charter income was USD 37.2 million, down from USD 41.5 million the previous year.

The vessel operating expenses amounted to USD 11.2 million up from USD 10.7 million the previous year. The increase reflects a general growth in vessel operating expenses per day. Administration costs for the year was USD 2.5 million down from USD 3.1 million the previous year. The decline is due to continued focus on administrative expenses as well as weakening NOK versus USD.

EBITDA for the year was USD 23.5 million compared to USD 27.8 million the previous year.

Ordinary depreciation was USD 14.9 million (USD 14.2 million). There was an impairment loss of USD 2.2 recognised on the vessel NOCC Kattogat, compare to no loss recognised in 2018.

Net financial items amounted to USD -12.4 million (USD -10.5 million) of which net unrealized loss from financial instruments was USD 2.0 million (USD 0.7 million) due to mark-to-market adjustments of interest rate derivatives. Interest expenses during the year were USD -10.6 (USD -11.4 million). The decrease reflects reduced debt levels as well as lower Libor.

Loss after tax was USD 6.0 million compared to a profit of USD 3.1 million in 2018.

Statement of financial position as at 31 December 2019

Total assets at the end of the year were USD 325.6 down from USD 345.8 million the previous year. Book value of the vessels was USD 309.9 million (USD 323.8 million), the decrease reflects ordinary depreciation of USD 14.9 and impairment loss of USD 2.2 million. Cash and equivalents were USD 12.9 million compared to USD 18.0 million at the end of 2018.



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Total long-term liabilities at the end of the year were USD 150.8 (USD 169.8 million). The decrease reflects ordinary instalment of USD 20.8 million. Current liabilities amounted to USD 24.7 (USD 26.0 million).

The consolidated book equity as of 31 December 2019 was USD 150.2 million (USD 150.1 million). Excluding minority interests, the book equity attributable to Group's shareholders as per end 2019 was USD 135.3 million (USD 134.8) million).

In 2019 there were two capital increases in CCI equal to a settlement of a total of USD 6,000,000. After the capital increases the outstanding number of shares in CCI was 30.000 shares.

Cash flow

Cash flow from operations during the year was USD 23.4 million compared to USD 25.8 million for 2018.

Interest paid during the year was USD 10.6 million compared to USD 11.1 million in 2018.

Net cash flow from investment activities was USD – 2.9 mainly related to the dry-docking of NOCC Kattegat and NOCC Atlantic, compared to USD 0.2 million in 2018.

Net cash flow from financing activities was USD -14.9 million in 2019, of which USD -20.8 was related to ordinary repayment of debt partly offset by USD 6.0 million share issue. In 2018 the net cash flow from investing activities was USD -20.8 million related to ordinary repayment of debt.

The net change in cash was USD -5.0 million (USD -6.0 million), and cash at end year amounted to USD 12.9 million (USD 18.0 million).

Parent Company – Car Carrier Investment AS

Car Carrier Investments AS had no operating income in 2019 or the previous year. Total operating expenses were TUSD - 69 (TUSD – 85) with a corresponding operating loss of TUSD 69 (TUSD 85). Net financial items were TUSD – 1 038 (TUSD - 38). The result after tax for 2019 was TUSD – 1 107 (TUSD – 123).

MARKET 2019

The weakening new car sales trend from the second half of 2018 continued throughout 2019. Global car sales declined with 4.4% which is the largest decline since the financial crises in 2009, and furthermore the second year in row with declining new global car sales. The declining car sales in the second half of 2018 was clearly linked to the introduction of WLTP (new emissions standards). Analysts explain that the reduction in 2019 is linked to factors like geo-political uncertainty, trade wars leading to lower world-wide economic growth as well as several of the large car manufactures preparing the production lines for electrical cars.

New car sales in China was down by -8.3% (25m), USA - 1.4% (17m), Western Europe +0.8% (16m), Japan -1.4% (5m), Eastern Europe -2.7% (4m), Brazil/Argentina -4.4% (3m), Canada -3.4% (2m), Korea -1.6% (2m) and remaining

regions -7.8% (16m). The only region with an increase was Western Europe¹.

Historically 16% of the global new car sales have been transported by sea, of which the seaborne exports from Asia to Europe have been the main driving force in the PCTC market².

In 2019 Japanese exports³ increased by +0.8% (to 4.8m) while, South Korean export decreased by -1.1% (to 2.4m) and the export from China, India and Thailand were down - 2.4% (to 3.3m). Accumulated these five countries (representing more than 2/3 of global exports) were down by -0.6%. The total export from Europe was down -10%⁴ (to 2.7m) and North West American exports saw the same development by being down by -11% (to 1.7m).

In relation to exports, it is important to note that the Far East countries overall represent the front haul demand and the effective decrease in demand was closer to the decline observed from this this region (-0.6%), than the more drastic decrease in Europe/North America.

The charter rates for Midsized and Panamax vessels improved moderately during the year with the (usual) seasonal upticks in Q2 and Q4. The reported⁵ day rates for Panamax vessels started in 2019 at USD 15,000 per day and reached a high of USD 17 000 per day at the end of the year. The Midsized vessels started off at USD 10,000 per day and ended the year at USD 12 000 per day.

In December 2018 about 23 vessels were available for charter the coming 30 days and by December 2019 the same number had fallen to 7 vessels.

During the year five newbuildings were delivered and 17 vessels exited the fleet. The net world fleet capacity (measured in terms of CEU) decreased by -1.6% and the fleet stood at 692 vessels by the end of 2019.

The newbuilding activity in 2019 was low, as a total of five newbuildings were ordered (two Panamaxes and three Midsized vessels). The order book counted 10 newbuildings (1.4% of existing fleet in terms of capacity) scheduled for delivery in 2020 and onwards. This orderbook is the lowest recorded during the last 30 years⁶.

One noteworthy observation is that five of the newbuildings currently on order (50% of orderbook) is for vessels which can use LNG for propulsion on the main engine. There are currently only four LNG fuelled vessels in the existing car carrier fleet.

EMPLOYMENT OF VESSELS

The Group is a tonnage provider which owns and manages a fleet of seven vessels for the transportation of cars and other rolling cargo.

¹ Source: LMC Auto January 2020.

² Source: Maritime Strategies International.

³ Source: JAMA, KAMA, CAAM, SIAM, TAIJA.

⁴ Source: Maritime Strategies International.

⁵ Source: Clarksons.

⁶ Source: Maritime Strategies International.



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The vessels are employed under charter contracts with car carrier operators for various lengths. During 2019 five of the vessels were chartered out on time charter while two were chartered on bare boat charter. Six vessels were re-employed during the year.

The Group experienced a total of 24 commercial off-hire days in 2019.

OPERATION OF THE FLEET

The technical management including crewing of the fleet is outsourced to third party managers. Wallem Ship Management (Hong Kong) is handling the technical management of NOCC Oceanic, NOCC Atlantic, NOCC Kattegat and Glovis Companion, while Wilhelmsen Ship Management (S. Korea) is handling Asian King. Liberty Passion and Liberty Peace are chartered out on bareboat contracts, and thus the Group is not responsible for the technical operation of the vessels.

The technical condition and performance of the fleet is closely monitored, and the technical performance was satisfactory during 2019, with no major technical incidents during the year. NOCC Kattegat and NOCC Atlantic were dry-docked for periodic classification renewal in March and July. Total technical off-hire days in 2019 were 53 days (of which 52.5 days were related to dry docking) compared to 5 days in 2018 of which 0 days were related to dry-docking.

FINANCING

The Group has two outstanding debt facilities, the NOCC Corporate loan agreement as well as the NOCC Atlantic debt facility.

The Corporate loan agreement was extended at the end of 2016 to include additional USD 75 million financing of the two newbuildings Liberty Passion and Liberty Peace. The Facility matures end-November 2021.

The NOCC Atlantic debt facility was refinanced through a 5-year USD 25 million senior secured facility in 2017. The Facility matures end-June 2022. The Company was in compliance with all its financial covenants as per 31 December 2019.

RISK FACTORS

The Group is exposed to several risk factors that can affect the Group's results. The risk factors can be divided into the following main components: market risk, operational risk and financial risk. Such risks are normally related to volatility in charter income, charter defaults, unforeseen operational events, operating expenses and unforeseen capital expenditure requirements, fluctuations in interest- and foreign exchange rates, as well as financing risk related to new capital expenditure requirements and refinancing of existing credit facilities.

Market Risk

Market risk relates to supply of PCTC vessels and the demand seaborne transportation of light vehicles. Historically, the car carrier segment has proven less volatile than certain conventional shipping segments, but it appears that the PCTC market has become more volatile over the last years mainly due to oversupply of vessels. The market risk

for the Group is primarily related to utilization and rates obtained in connection with the chartering of the vessels.

The Group is striving to mitigate market risk by employing the vessels on long-term charters when satisfactory employment contracts are obtainable.

During prolonged periods of reduced demand for car carrier tonnage, there is a risk that the Group will be unable to employ the vessels without incurring idle time between charters and that the rates obtained are unsustainable.

Operational risk

The Group is focused on delivering strong operational performance for the fleet and is striving towards operational excellence. Despite the Group's high degree of pre-emptive maintenance, there is a risk for equipment failure. Even though the Group obtains loss of hire insurance for contracts over a certain length, a technical breakdown will affect the earnings for a period of at least 14 days (deductible).

Risk related to changes in laws and regulation

The Group's operation and vessels are subject to international environmental laws and regulations which have become more stringent in recent years. Although the Group is doing its utmost to comply, changes in laws and regulations may expose the Group.

Financial risk

New investments are typically financed from equity proceeds injected by the shareholders as well as debt obtained primarily from Norwegian and international banks. At the end of the year, the Group had no re-financings need for the next 22 months. The Group is exposed to financing risk related to potential new investments and refinancing of existing debt. There is no guarantee that future debt financing can be raised at attractive terms.

Interest rate risk

The Group's bank loans are generally subject to floating interest rates. For 2019 approx. 56% of the interest rate exposure has been fixed through interest rate swaps under which floating interest payment obligations have been converted into fixed rates. For the period 2020-2021, on average 59% of the interest rate exposure is fixed.

Currency risk

Revenues, operating expenses, assets and liabilities are denominated in USD and the only foreign exchange risk is related to administrative expenses, which are primarily in NOK. A 10% fluctuation in the USD/NOK exchange rate has approx. 1.0% impact on the projected EBITDA of the Group for 2019.

Counterparty risk

The Group generally has solid counterparties and the counterparty risk is considered manageable. The focus on credit and counterparty risk is increasing during times of weaker market conditions. All of the Group's charterers are current on their payments under the charter contracts.

Liquidity risk

The shipping market is capital intensive. Insufficient liquidity will severely impact the ability to operate. The Group's approach to manage liquidity risk is to ensure, as far as possible that it will have sufficient liquidity at all times to meet its obligations. The Group evaluates its capital structure and explores various options to safeguard liquidity.



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The Group has a minimum liquidity covenant in its credit facility.

ORGANIZATION

The Group's administration is located in Oslo. The Group employed nine full time staff in 2019. The sick leave during 2019 amounted to 27 days (31 days) or 1.3% of the total working days. The Group has not been affected by serious work-related accidents during the year. As per 31 December 2019, one out of nine employees was a woman (equivalent to 11%). The working environment is regarded as good. The organization is considered to be well-qualified, staffed at a minimum and cost-effective level to perform the tasks within its remit. As per 31 December 2019, the Board of directors consisted of six members, including one woman (equivalent to 17%).

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORTING (ESG)

The Board in CCI is committed to operate the Group in a responsible manner in order to be sustainable. The aim is to manage the Group in a way which generates long-term profitability in combination with care for the environment, the people involved in our business as well as the society at large.

CLIMATE AND ENVIRONMENTAL RESPONSIBILITY

Emission and energy reduction

Deep sea, oceangoing freight is a significant contributor to greenhouse gas emissions globally: primarily CO₂, NO_x and SO_x. The main source of CO₂ emissions is bunker fuel. Although this is a major source of emissions, seaborne transportation is in most cases far more fuel efficient per unit transported than most other transport sectors. There have been global regulations of the shipping industry such as Marpol, Solas and IMO since the 1970s.

As a "tonnage provider", the Group does not have direct control of the operation of the vessel including amount of cargo on board, fuel purchase, ordered speed, weather routing etc. These factors influence the emissions per transported unit to a large extent, but are beyond the control of the Group. As such, the Group is focusing on the factors where we can make a difference.

The Group is actively evaluating how to improve the fuel efficiency of its vessels. In 2014 the Group completed a major vessel conversion to improve energy efficiency. The Group has also installed a trim and speed optimization tool on one of its vessels to enable the crew to optimize the trim of the vessel with a view to optimize its fuel consumption and to allow for a corresponding reduction in CO₂ emissions. When ordering new vessels in 2015, the fuel efficiency of the various vessel designs was among the important and decisive factors. In 2016, a vessel performance monitoring system was implemented, and data collection has started with a view to build a database on which valuable information on the operations of the vessels may be retrieved to improve operational efficiency and reduce fuel consumption. In 2019 a satellite transmission system was installed on one vessel and testing of data transmissions commenced.

In connection with the IMO 2020 regulations the Group evaluated the options in order to comply with the new

regulations, and resolved to burn compliant fuel rather than install scrubbers onboard the vessels. The usage of compliant fuel will substantially reduce the SO_x emissions compare to the bunker burned prior to the implementation of IMO 2020 regulations. The Group prepared for the transition at the end of 2019 and was fully compliant as of January 1, 2020.

The Group will continue to focus and strive to reduce its environmental footprint going forward, as well as prepare for new and stricter emission requirements going forward.

The Group has, through its technical managers, introduced KPI's related to the environmental footprint of the vessels which ensures collecting data for CO₂, NO_x and SO_x emission.

Biodiversity and marine pollution

All vessels have ballast water to manage stability and trim of the vessel. The transfer of invasive species in ballast water is a source of environmental contamination through transportation of organism from one eco system to another. As a result, international and national regulations have been implemented to limit the risk of containment. The Group fully complies with all regulations. Ballast water treatment system is installed on a number of vessels. The remaining vessels will receive the systems as required by the regulations (at first renewal of their IOPP-certificate).

There are strict international maritime laws regulating on board waste management to prevent disposal of garbage at sea. This is regulated through MARPOL Annex V. The Group, through their technical managers has continuous effort towards improving on board waste management with the aim to reduce the total environmental impact of the vessels. Each vessel has its own Garbage Record Book tracking waste treatment ensuring that waste is safely treated and to secure high level of recycling. Furthermore, technical managers are taking actions to actively manage and encourage suppliers to focus on reducing the usage of plastic wrapping.

The Group, through its technical managers, has introduced KPI's related to waste management and is fully committed to comply with all applicable regulations related to waste management. The total cbm amount of garbage landed to shore during 2019 decreased by 6% compared to the 2018 figures. However, comparison between two years may not be a reliable performance indicator as a lot of the waste is driven by specific operational or cargo needs and should not be reduced to zero. Nevertheless, the average amount of waste produced per vessel should track downward over an extended period. The Group believes that waste management is important in order to reduce the environmental impact for the vessels, furthermore that the Group and its technical managers should strive to improve and strengthen the effort towards this going forward.

Accidental spills and emergency preparedness

The technical managers of the vessels are responsible for the emergency preparedness of the vessels. This is conducted through an emergency preparedness plan which includes focus on drills, ensuring regular emergency, fire and lifeboat drills as well as verifying that adequate supplies of effective tools and materials are maintained onboard each vessel to respond to oil spills or other emergencies.



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If an environmental emergency does occur, the technical managers Emergency Response Plan is effectuated enabling a quick respond enabling efficient focus on the human capital as well as minimizing environmental impact and to protect.

Ship Recycling

The recycling of vessels is a potential source of contamination of the environment. The Group is aware of the environmental aspects relating to the recycling of vessels and therefore takes necessary precautions when selling vessels for recycling. The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (the "Hong Kong Convention") has been ratified by Norway, and the Group is committed to following the standards set out therein and the guidelines established by the Norwegian Shipowners Association.

SOCIAL RESPONSIBILITY

The on-shore staff and crew onboard the vessels are key resources for the Group. The safety, health and well-being of the staff and crew employed by the Group are key factors for the Group's success and highly prioritized in order to attract highly-qualified and motivated employees.

The Group employs nine full time staff in the administration in Oslo, Norway. The technical management, including crewing of the vessels, has been outsourced to third party managers. Their managers are reputable, highly-qualified and experienced with the management of PCTCs and are accredited with ISO certifications and Green Awards. The Group attended the technical managers' crew conference in India and Ukraine in 2019

Health and safety

Compliance procedures are followed and monitored by our in-house technical department and ship managers according to internal and external rules and regulations. The Group has a 'zero vision' approach when it comes to accidents regarding the operation of the fleet. During 2019 there were zero fatal accidents and for the whole fleet there was zero incidents which led to a lost time injury. There were no accidents involving any administrative staff during 2019. The attention to and performance of the safety management of the crew and other employees are part of the KPIs which have been implemented for the Group's management.

The Group was an early mover in giving the crew on our vessels access to Internet. In this way they can keep closer and more frequent contact with their family and friends ashore while they are serving on board our vessels. This has been perceived as a very positive initiative.

Labor rights

The crew onboard the vessels are sourced primarily from the Philippines, Ukraine and India. International and local legislation is adhered to by the Group and its technical managers, including the Maritime Labor Convention (2006) which sets out the rights of the seafarers when it comes to, for example, general working conditions, payment of wages, working hours and rest, right to medical care and annual leave. Furthermore, each vessel has its own safety and work environment committee monthly to check proper personal protective equipment (PPE), to discuss safety and work environment agenda as well as concluding debriefing related

to crew disembarking and tracking crew retention and satisfaction.

Diversity and equal opportunity

The Group believes in equal opportunity. The Group employed nine full time staff in office in Oslo of which one was female (equivalent to 11%). As per 31 December, the Board of Directors consisted of six members, including one female (equivalent of 17%). The Group is aware of the imbalance and will work towards improving the ratio in the future.

Security of assets and People

Shipping routes in high-risk areas (e.g. risk of piracy) require a greater focus on security practices. The PCTC vessels have an advantage due to its high speed as well as high freeboard which makes it difficult to capture /enter a vessel at sea. However, when a vessel is scheduled to enter a defined high-risk area, the procedures of the latest version of "Best Management Practice" is strictly followed.

Furthermore, the Group emphasizes the obligation to participate in rescue operations at sea when life is at risk. In September 2019 the Group participated in an almost 3 days search operation related to the crew from a tow vessel which sank in the Atlantic Ocean.

GOVERNANCE

Anti-corruption

As an industry, shipping is exposed to corruption and the demand of facilitation payments. The Group has developed and implemented a Code of Conduct, which applies to all employees. The Code of Conduct states that: "all employees of the Group shall be opposed to and will contribute to counteract all forms of corruption. Accepting or offering bribes of any nature by any of the Group's employee is prohibited". The Code of Conduct specifically states that it is prohibited by any of the Group's employees to pay to obtain something we do not have a legal entitlement to, even in cultures where such payments are commonplace.

STRATEGY

The main strategy for the Group is to create shareholder value through efficient, high quality and customer oriented service to the major global car carrier operators. The Group will continue to evaluate growth opportunities with focus on creating sustainable value through investments in high quality and efficient car carriers.

OUTLOOK

Drivers in the PCTC market are world GDP, commodity prices, car- and rolling goods production and transportation patterns;

Demand for transportation capacity is balanced with the supply of PCTC vessels.

Demand has recent years been affected by reduced global car sales (-1% in 2018 and -4% in 2019) resulting from weak economies, trade wars and geopolitical uncertainty.



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Supply of capacity has at the same time increased with new vessels entering the market, but by 2020 the orderbook has been reduced to below 3% of the fleet capacity.

Pre-corona Covid-19 demand and supply was moving towards balance.

In the first quarter of 2020 the Corona Covid-19 virus outbreak developed into a global pandemic which almost immediately affected the PCTC market; both production of cars and car parts and the demand for new cars fell instantly. In the beginning of the second quarter the number of idling vessels was growing to more than 40 and both operators and tonnage providers planned for lay-up.

At the end of April 2020 manufacturing of new cars was gradually coming back on stream, but visibility - especially with regard to car sales - was poor; uncertainty prevail.

Analysts expect global car sales to decline 10 to 12% in 2020. This will impact seaborne car trades negatively.

A gradual PCTC market recovery is forecasted when the Covid-19 pandemic is contained, and PCTC capacity supply is expected to decline due to historically low orderbook and increased recycling.

The Group has focused on preservation of liquidity and building a financial platform to carry through the market downturn.

Oslo, 5 May 2020

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James Michael Stepp

Board Member

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Chairman

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Board Member

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CEO



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CCI Group

Consolidated Income statement

(USD 1 000)

OPERATING REVENUES AND EXPENSES	Note	2019	2018
OPERATING INCOME			
Charter income		37 193	41 470
Other income		0	47
Total income	Note 3	37 193	41 517
OPERATING EXPENSES			
Depreciation	Note 8	(14 886)	(14 173)
Operating expenses vessels	Note 4	(11 212)	(10 694)
Impairments	Note 8	(2 174)	0
Other operating and administrative expenses	Note 4, 5	(2 532)	(3 058)
Total operating expenses		(30 804)	(27 924)
OPERATING PROFIT/(LOSS)		6 389	13 592
FINANCIAL INCOME AND EXPENSES			
Other financial income	Note 6	187	201
Net gain/(loss) foreign exchange	Note 6	23	3
Unrealised gain/(loss) on financial instruments	Note 6/15	(1 977)	715
Interest and other financial expenses	Note 6	(10 598)	(11 436)
NET FINANCIAL ITEMS		(12 365)	(10 516)
PROFIT/(LOSS) BEFORE TAX		(5 976)	3 076
Taxes	Note 7	0	2
PROFIT/(LOSS) AFTER TAX		(5 976)	3 078
Profit/(loss) attributable to:			
Non-controlling interest		(459)	(230)
Shareholders of the parent company		(5 516)	3 307



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CCI Group

Consolidated statement of comprehensive income

(USD 1 000)

	Note	2019	2018
PROFIT/(LOSS) AFTER TAX		(5 976)	3 078
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of pension plan	Note 5	21	(28)
Total comprehensive income/(loss) for the year		(5 955)	3 049
Total comprehensive income attributable to			
Shareholders of the parent company		(5 495)	3 279
Non-controlling interest		(459)	(230)
Total comprehensive income/(loss) for the year		(5 955)	3 049



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CCI Group

Consolidated statement of financial position as at 31 December

(USD 1 000)

ASSETS	Note	2019	2018
LONG-TERMASSETS			
Long-term operating assets			
Right of use assets - lease	Note 18	929	0
Other assets	Note 8	55	69
Vessels	Note 8	309 914	323 760
Total long-term operating assets		310 898	323 828
<hr/>			
Long term derivatives	Note 15	0	782
Total financial fixed assets		0	782
<hr/>			
TOTAL FIXED ASSETS		310 898	324 610
<hr/>			
CURRENT ASSETS			
Accounts receivables and other current assets	Note 10	1 821	3 094
Current derivatives	Note 15	6	171
Cash and cash equivalents	Note 11	12 887	17 929
TOTAL CURRENT ASSETS		14 715	21 194
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TOTAL ASSETS		325 613	345 804



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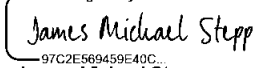
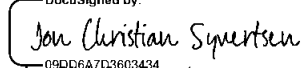
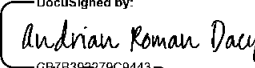
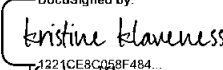
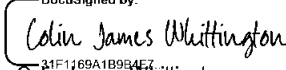
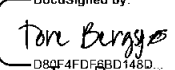
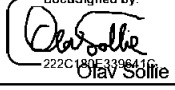
CCI Group

Consolidated statement of financial position as at 31 December

(USD 1 000)

EQUITY AND LIABILITIES	Note	2019	2018
EQUITY			
Share capital	Note 19	46	39
Share premium reserve		172 507	166 514
Retained earnings		(37 257)	(31 762)
Non-controlling interest		14 850	15 309
Total equity		150 146	150 101
LONG-TERM LIABILITIES			
Deferred tax	Note 7	31	39
Pension liability	Note 5	187	235
Long-term debt	Note 12	148 412	169 312
Lease obligation	Note 18	939	0
Long-term derivatives	Note 15	1 211	183
Total long term liabilities		150 780	169 770
CURRENT LIABILITIES			
Current portion of long-term debt	Note 12	20 773	20 773
Other current liabilities	Note 13	3 674	4 918
Derivatives	Note 15	3	0
Public duties payable		237	243
Total current liabilities		24 687	25 934
TOTAL LIABILITIES		175 467	195 703
TOTAL EQUITY AND LIABILITIES		325 613	345 804

Oslo, 5 May 2020

<p>DocuSigned by:  <small>97C2E569459E40C...</small> James Michael Stepp Board Member</p>	<p>DocuSigned by:  <small>09DD6A7D3603434</small> Jon Christian Syvertsen Chairman</p>	<p>DocuSigned by:  <small>6B7B39979C9443</small> Andrian Roman Dacy Board Member</p>
<p>DocuSigned by:  <small>1221CE8C058F484</small> Kristine Klavness Board Member</p>	<p>DocuSigned by:  <small>31F1169A18984E7</small> Colin James Whittington Board Member</p>	<p>DocuSigned by:  <small>D84F4FD5E8D148D</small> Tore Bergsjø Board Member</p>
<p>DocuSigned by:  <small>222C180E3396416</small> Olav Solle CEO</p>		



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Consolidated statement of cash flows

(USD 1 000)

		2019	2018
Cash flow from operating activities			
Cash flow from operations		23 415	25 736
Interest paid		(10 641)	(11 106)
Cash flow from operating activities		12 774	14 630
Cash flow from investment activities			
Investment in fixed assets	Note 8	(3 083)	(22)
Interest received	Note 6	187	208
Net cash flow from investment activities		(2 896)	186
Cash flow from financing activities			
Issue of ordinary shares		6 000	0
Repayment of lease liabilities		(147)	
Repayment of loans		(20 773)	(20 773)
Net cash flow from financing activities		(14 920)	(20 773)
Net change in cash, cash equivalents and drawings facilities utilised		(5 042)	(5 956)
Cash and cash equivalents 1 Jan		17 929	23 884
Cash and cash equivalents at 31 Dec	Note 11	12 887	17 929

CASH FLOW FROM OPERATIONS

Profit/-(loss) before income tax		(5 976)	3 076
Adjusted for:			
Depreciation	Note 8	14 886	14 173
Impairment loss	Note 8	2 174	0
Increase/decrease in pension funds	Note 5	(48)	100
Financial costs	Note 6	10 598	11 436
Other financial income	Note 6	(187)	(201)
Unrealized currency (gain)/loss	Note 6	(23)	(3)
Unrealised value change financial instruments	Note 6	1 977	(715)
Change in working capital			
Customer receivables and other receivables		1 210	(828)
Due to suppliers and other short-term debt		(1 196)	(1 301)
Cash flow from operations		23 415	25 736
Restricted cash deposits included in cash holdings	Note 11	1190	1 182



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CCI Group

Consolidated statement of changes in equity

<u>Equity belonging to shareholders of the Company</u>							
(USD 1 000)							
	Share capital	Share premium reserve	Capital increase unregistered	Retained earnings	Total	Non- controlling interests	Total
Equity 31 Dec 2017	39	166 514	0	(35 040)	131 513	15 539	147 051
2018							
Profit/(loss) after tax				3 307	3 307	(230)	3 078
Other comprehensive income							
Remeasurement of pension plan				(28)	(28)		(28)
Total comprehensive income	0	0	0	3 279	3 279	(230)	3 049
Transactions with shareholders							
Issue of shares	0	0			0		0
Total transactions with shareholders	0	0	0		0		0
Equity 31 Dec 2018	39	166 514	0	(31 762)	134 790	15 309	150 101
2019							
Profit/(loss) after tax				(5 516)	(5 516)	(459)	(5 976)
Other comprehensive income							
Remeasurement of pension plan				21	21		21
Total comprehensive income	0	0	0	(5 495)	(5 495)	(459)	(5 955)
Transactions with shareholders							
Issue of shares	7	5 993			6 000		6 000
Total transactions with shareholders	7	5 993	0		6 000		6 000
Equity 31 Dec 2019	46	172 507	0	(37 257)	135 296	14 850	150 146



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CCI Group

Note index for CCI Group

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The notes in the list above are presented in the following pages and are an integral part of the financial statements.



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CCI Group

Note 1 Accounting Principles

The office of Car Carrier Investments AS is located at Drammensveien 167, Oslo.

PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of Car Carrier Investments (the "Parent Company") and all the subsidiaries (the "Group") have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated financial statements have been prepared at historical cost except for financial instruments, which are measured at fair value, and financial assets and -liabilities which are measured at amortized cost. The consolidated financial statements are presented in USD, rounded to the nearest thousand unless otherwise stated.

The income statement is specified according to the nature of the individual income and cost items.

SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

Preparation of the financial statements in accordance with IFRS requires management to make assessments, estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. The estimates and assessments are based on previous experience and other factors that are considered to be reasonable and prudent under the circumstances. The assessments form the basis for evaluating the book value of assets and liabilities which is not possible using other available sources. Actual results may differ from the estimates. The main areas of estimate uncertainty on the balance sheet date, and which involve a risk of material change in the financial statements in the carrying value of assets and liabilities in the subsequent financial year, are discussed below.

Depreciation of vessels

Depreciation is based on management's estimates of the useful lives of the vessels and the residual value of the vessels less the costs associated with scrapping. The estimates may change due to changes in scrap values, technological developments, competition, as well as environmental and statutory requirements. Management reviews annually the future useful lives of the vessels taking into consideration the factors referred to above. In case of change in useful life and/or residual value, the depreciation of the vessels is adjusted prospectively.

Impairment testing of fixed assets

The Group assesses whether there is any need to adjust the value of its assets at each reporting date. Fixed assets are evaluated for any impairment where there are indications that future earnings or fair value may not justify the assets' balance sheet value. The value in use is compared with fair value less cost to sell.

On each reporting date, management assesses whether there are any indications of value impairments related to non-financial assets. Whether there is a requirement to write down the book value of the vessels is assessed based on a) vessel value appraisals obtained from two independent ship brokers, b) the discounted estimated cash flows from the vessels, based on the net result before financial items over the useful lives of the vessels and their expected residual value after 30 years in operation. The cash flows are based on existing contracts as well as estimated future cash flows from new contracts. MSI forecasts for future TC rates, and a Weighted Average Cost of Capital (WACC) of 7.3% has been applied to calculate the present value of the cash flows.

CONSOLIDATION PRINCIPLES

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at the balance sheet date.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies etc.

An entity is consolidated in the consolidated financial statements from the date the Group acquires control over the entity. Correspondingly, the entity is removed from the consolidated financial statements when control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Intercompany transactions, intra-group accounts and unrealised Group gains are eliminated in the consolidated financial statements. Unrealised losses are also eliminated unless the transaction clearly shows that the asset transferred has a reduced value. Accounting principles used by subsidiaries have been changed where this has been necessary to ensure uniform accounting practice in the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

INCOME RECOGNITION

Income is recognized when an agreement has been signed, the service has been delivered, the income has been determined and is possible to quantify, claims are undisputed and when other obligations have been fulfilled.

Charter income

The type of contracts the Group has with its customers are either a time charter contract or a bareboat charter contract. Both types of contracts have a lease element and this type of revenue is accounted for as leases under IFRS 16. A time charter contract will also include a service component which can include operation and maintenance of the vessel. The service component will be within the scope of IFRS 15. The volume of services provided are usually stable throughout the leasing period, and revenue will therefore be recognised on a linear basis over the lease term.

Expenses incurred between the end of a charter party contract and the start-up of the next charter party contract are expensed if the expenses are not directly related to the new charter party contract.

SEGMENT REPORTING

The Group has one business area: international shipping within the car carrier and ro-ro segment. The Group's internal reporting does not distinguish between different segments.

RELATED PARTIES

Parties are regarded as being related if one party has the opportunity to directly or indirectly exercise control over the other party or has material influence over the other party's financial or operational decisions. Parties are also related if they are subject to common control or subject to common material influence. All transactions are based on the arm's-length principle (estimated market value).

SHARES AND SHARE PREMIUMS

Ordinary shares are classified as equity. Expenses that are directly related to the issue of new shares or options, less tax, are entered as a reduction in the consideration received under equity capital.

FOREIGN EXCHANGE TRANSACTIONS

Functional currency and presentation currency

The Group's presentation currency is USD. This is also the parent company's functional currency. Accounting transactions that are undertaken by the respective Group companies are registered in the currency that is normally used in the financial environment in which the entities operate (functional currency).



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CCI Group

Transactions and balance sheet items in foreign currencies

Foreign currency transactions are converted to the functional currency at the rate on the transaction date. Realised currency gains or losses on settlement and conversion of monetary items in foreign currencies to the rate of the balance sheet date, are posted to the income statement under "Net gain/(loss) on foreign exchange".

Group companies

The results and the financial position of a subsidiary or associated company using a functional currency different from the Group's presentation currency is converted using the following procedure:

(a) assets and liabilities in each balance sheet presented (including comparable figures) are converted at the closing rate on the relevant balance sheet date,

(b) income and expenses in each income statement (including comparable figures) are converted at the exchange rate on the dates of the transactions. The average exchange rate may in some circumstances be used if it does not deviate significantly from the exchange rate at the transaction date, and

(c) translation differences are posted against the comprehensive revenue and specified under equity as a separate item.

On the sale of all or parts of a foreign business, the associated translation differences are reclassified from the comprehensive income as part of the gain or loss on sale and presented as part of gain/(-loss) under operating income.

PROVISIONS

Provisions are accounted for when the Group has a liability, whether legal or constructive, that follows from past events, and it is likely that there will be a financial settlement as a result of the event, and the liability can be reliably estimated.

CLASSIFICATION OF ITEMS IN THE BALANCE SHEET

Current assets and current liabilities include items that fall due for payment within one year after the balance sheet date. The current portion of long-term debt is classified as short-term debt. Financially motivated share investments are classified as current assets, while strategic investments are classified as fixed assets.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash holdings, bank deposits, other short-term and especially on-going investments that will be redeemed within three months from the original time of placement. Cash and cash equivalents are entered at nominal value in the balance sheet. Restricted funds are included. Bank overdrafts are shown under borrowings in current liabilities on the balance sheet.

CURRENT ASSETS

Short-term customer receivables are posted at par value less provisions for lifetime expected credit losses.

Stocks of luboil and bunkers are recognized in the balance sheet at cost, using the first-in/first-out method (FIFO).

FIXED ASSETS – VESSELS AND EQUIPMENT

Fixed assets are recognized in the statement of financial position at historical cost less accumulated depreciation and write-downs. The historical cost of an asset in the Group is kept in the functional currency associated with the asset and all accounting entries related to the asset take place in the functional currency before conversion to the presentation currency described above. In the case of rebuilding contracts, the cost price includes all costs incurred in the development and construction process, including construction supervision costs and other technical costs. In the case of vessels acquired, the cost price includes costs directly related to the purchase of the vessel. Depreciation is calculated on a linear basis after taking into account the asset's scrap value and costs related to scrapping. Estimates related to the lifetime and scrap value are reviewed at each reporting date. Vessels and equipment have an expected economic life of 10-30 years.

Ordinary repair and maintenance costs are posted to the financial statements when incurred. In accordance with IAS 16, docking costs are capitalized. Capitalization takes place when the docking has been completed and is depreciated over the period until the next expected inspection. Any remaining capitalized amount from previous inspections is expensed.

Write-down of assets

Fixed assets are assessed for indications of impairment on each reporting date and always when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. When assessing the need for a write-down, the assets are grouped at the lowest level where there exist identifiable and independent cash flows. The write-down is calculated as the difference between the carrying value and the amount that is considered to be recoverable. The recoverable amount is the higher of the asset's net sale price and the value in use for the company. The value in use is calculated based on discounting the future cash flows that are expected to be generated from the asset. When it is estimated that the fair value is lower than the carrying value, the assets is written down to the recoverable amount. Write-downs posted in earlier periods are reversed only if there are changes in the estimates that are used to calculate the recoverable amount. However, the reversal amount may only be of such a size that the carrying value after the reversal as a maximum corresponds to the value the asset would have been carried at if the write-down had not been made. Such reversals are to be posted to the income statement.

LEASES

The Group has adopted IFRS 16 from 1 January 2019 using the modified retrospective approach. The comparative information presented for 2018 is not restated. The details of the changes in accounting policies are disclosed below.

As a lessee:

As a lessee, the Group leases office spaces and other equipment from external parties. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of use assets and lease liabilities for all leases, except those with less than 12 months of lease term and other low value assets.

As a lessor:

The Group leases vessels on time charter contracts or bare boat contracts to external parties. The Group classifies these leases as operating or finance leases based on its assessment of whether the Group transferred substantially all the risks and rewards incidental to ownership of the leased assets to the lessees. The accounting policies applicable to the Group as a lessor are not significantly different from those under IAS 17. The Group has assessed that there are no adjustments on transition to IFRS 16 for lease arrangements in which it acts as a lessor.

INVESTMENTS AND FINANCIAL ASSETS

The Group classifies financial assets based on the business model in which they are managed and their contractual cash flows. The Group has financial assets measured at fair-value through profit or loss (FVTPL) and at amortized cost.

1. Financial assets at fair value over profit or loss: Financial assets at fair value over profit or loss are financial assets held for trading purposes. A financial asset is classified in this category if it is primarily acquired with a view to providing a gain from short-term price fluctuations. Derivatives are classified as held for trading. Hedge accounting has not been applied. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current.

2. Financial assets and liabilities measured at amortized cost: Financial assets classified in this category are customer receivables and other receivables, held to maturity in a business model whose objective is to collect contractual cash-flows and with cash-flow characteristics being solely payment of principal and interest. Financial liabilities are in general measured at amortized cost. The financial assets and - liabilities are classified as current unless they fall due more than 12 months after the balance sheet date.

Accounting and measurement:

Normal purchases and sales of investments are entered at the date of the agreement, which is the date the Group undertakes to buy or sell the asset. All financial assets that are not accounted for at fair value over profit or loss are carried initially at fair value with the addition of transaction costs. Financial assets that are carried at fair value over profit or loss are entered on acquisition at fair value and the transaction costs are posted to the result. Investments are removed from the balance sheet when the rights to receive cash flows from the investments cease or when these rights have been transferred and the Group has substantially transferred all risks and all gain potential from ownership. Financial assets and liabilities measured at amortized cost are measured using the effective interest rate method.

Business combinations



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The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognized in profit and loss. Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Accounting for derivatives

All derivatives are according to IFRS 9 deemed to be held for trading and are measured at fair value through profit or loss (FVTPL). Subsequently the item is re-valued through the profit and loss on each reporting date.

As at 31 December 2019, the Group had no derivative transactions that qualified for hedge accounting under IFRS 9. A change in value of derivative transactions is thus posted immediately in the income statement.

LOANS

Borrowings are initially recognized net of transaction costs incurred, and are subsequently accounted for at amortised cost using a simplified effective interest rate method. The difference between the proceeds and the redemption value is recognized in the income statement over the term of the loan as part of the effective interest rate.

Premiums or discounts and transaction costs are taken into account in calculating the amortised cost when using the effective interest rate method.

BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

DIVIDENDS

Dividends proposed by the board are recognized as a liability in the financial statements when approved by shareholders in the general meeting.

PENSION LIABILITY

The Group has a defined benefit-based pension scheme. A benefit-based pension scheme defines the employee's right to agreed future pension benefits normally dependent on factors such as age, number of years of service and salary.

The liability is carried as the present value of pension liabilities on the balance sheet date less the fair value of pension funds allocated for payment of benefits together with corrections for non-recorded estimate differences and costs related to previous periods' pension accrual. The pension liability is calculated annually by independent actuaries based on a linear earnings model. The present value of the defined benefit obligation is determined by discounting the estimated future cash out flows using the market yield on government bonds, on the balance sheet date as there is no market for similar, high-quality corporate bonds in Norway that have terms of maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from new information and changes in actuarial assumptions are posted to other comprehensive income in the period in which they arise.

The Group has a defined contribution plan for some of its employees. The contributions are recognized as employee benefit expenses when they are due.

TAX

The tax charges in the income statement consist of tax payable and change in deferred tax. The annual tonnage tax is classified as other administration expenses in the financial statement.

Deferred income tax is calculated with 22%, using the liability method, on all temporary differences between the tax base of financial items, their carrying value for financial reporting purposes, their carrying value for financial reporting purposes as well as any financial tax losses carried forward.

Deferred tax/deferred tax asset is calculated on all differences between accounting and tax values of assets and liabilities except for:

- temporary differences related to investments in subsidiaries, associated companies or jointly controlled businesses when the temporary differences will be reversed and this is not expected to happen in the foreseeable future.

Tax payable and deferred tax is accounted for directly against equity to the extent that the tax items relate to equity transactions.

Deferred tax on underlying temporary differences related to participatory companies within the Norwegian tax area is included in the tax calculation. If a participatory company is to be sold, this will not give rise to a tax effect.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available, and that the temporary differences can be deducted from this profit. Deferred tax is presented net in the balance sheet.

POST-BALANCE SHEET EVENTS

New information after the balance sheet date about the Group's financial position on the balance sheet date is included in the annual financial statements. See note 20 for detailed information. Events after the balance sheet date that do not affect the Group's financial position at the balance sheet date, but which will affect the Group's financial position in the future, are stated if these are material.

CHANGES TO ACCOUNTING POLICIES, NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

These consolidated financial statements have been prepared in accordance with all mandatory standards issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

Impact of initial application of IFRS 16 Leases:

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described in note 18. The date of initial application of IFRS 16 for the Group is 1 January 2019. The Group has applied IFRS 16 using the modified retrospective approach.

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact.



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Note 2 Significant accounting estimates and judgements

The Group makes certain estimates, judgements and assumptions related to forecast. There is a significant risk that the actual condition will deviate from the estimated assumptions. Estimates and forecasts that will represent a significant risk of material changes to the balance sheet values of fixed assets during the next financial year are discussed below.

(a) Estimated useful life of vessels

The group applies a 30 years useful life for the vessels which is the basis for the depreciation profile. In cases where vessels are used for longer periods than their estimated useful lives these are subsequently entered in the balance sheet at the estimated residual value plus any periodic docking.

(b) Estimated residual value of vessels

The vessels are depreciated to an estimated residual value. The residual value is calculated using the price of steel on 1 January in the financial year less estimated demolition costs. The steel price is obtained from ship brokers based on recent recycling transactions involving similar vessels.

The residual value is calculated based on the lightweight of the vessels. As per 31 December 2019, the aggregate lightweight of the vessels was 115,768 tons. The lightweight of the vessels is multiplied by the steel price to derive the total scrap value. The below estimates of steel price have been applied in the Group's depreciation tables during the period 2013-2019:

	2019	2018	2017	2016	2015	2014	2013
USD/ton	425*	450	250	250	450	450	450
	<i>*Average</i>						

The table below shows the Group sensitivity to fluctuations in steel price – other factors remaining constant:

	Increase/reduction in steel price	Effect on profit/-(loss) before tax (USD 1 000)
2019	+/- 10 %	224/(224)
2018	+/- 10 %	210/(210)

(c) Impairment tests

Management assesses whether there are any indicators of impairment at each reporting date. Each vessel is regarded as a separate cash generating unit and thus the impairment testing is performed on each vessel separately. The vessels are tested for impairment when there are indicators that the carrying amounts may not be recoverable based on a) vessel value appraisals obtained from two independent ship brokers, b) the discounted estimated cash flows from the vessels, basis the net result before financial items over the useful lives of the vessels and their expected residual value after 30 years' operation. The cash flows take into consideration the existing contracts as well as estimated future cash flows from new contracts. MSI forecasts are used as basis for future TC rates. The budgeted net result is the company's best estimate of future earnings, costs, off-hire and docking over the remaining life of the vessel plus the residual value. A Weighted Average Cost of Capital (WACC) of 7.3% has been applied in order to calculate the present value of the cash flows. A write down of the vessel's book value will take place if both the FVLCTS (fair value less cost to sell) and the VIU (value in use) are lower than the book value of the vessel.

The table below shows the Group sensitivity to fluctuations in WACC and OPEX in impairment testing – other factors remaining constant:

		Effect on impairment in USD 1 000.	
		Increase 1%	Decrease 1%
WACC	+/- 1.0%	0	+ 800
OPEX	+/- 1.0%	0	+ 500

(Positive amount indicates lower amount to be write down.)

Except for art in the office (not significant), the Group did not hold any intangible assets as of 31 December 2019.



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Note 3 Operating segments

The Group's business is organised into one reporting segment. Operating income is categorized according to the domicile of the contractual counterparty. In 2019 two customers each represented more than ten per cent of the operating income, and total turnover for these customers was USD 33.7 million, compared to a turnover of USD 33.3 million for four customers in 2018.

The operating income can be related to the following countries:
(USD 1 000)

	2019	2018
Japan	0	6 197
Korea	23 641	18 781
USA	10 084	9 776
Liberia	3 468	3 632
Norway	0	3 130
Total operating income	37 193	41 517

The Group's vessels are flagged in the following countries:
(USD 1 000)

	2019	2018
Book value vessels		
Norway	73 660	76 732
Marshall Islands	113 906	120 275
USA	122 348	126 752
Total book value vessels	309 914	323 760

Note 4 Other operating- and administrative expenses

(USD 1 000)

Operating expenses vessels

Crew expenses	(5 570)	(5 667)
Technical operating expenses	(3 074)	(3 148)
Insurance	(934)	(314)
Other operating expenses	(635)	0
Pre-operating expenses	(998)	(1 565)
Total	(11 212)	(10 694)

Administrative expenses

Salaries/holiday pay ¹⁾	(1 549)	(1 814)
Employment tax	(221)	(256)
Legal fees	(25)	(53)
Other professional fees	(32)	(20)
Other operating expenses ²⁾	(495)	(697)
Tonnage tax	(80)	(81)
Total	(2 402)	(2 921)

Pension costs:

Defined benefit plan	(83)	(83)
Defined contribution plan	(48)	(54)
Total administrative expenses	(2 532)	(3 058)

¹⁾Reference is made to note 16 for detailed information of the remuneration to the CEO. The average number of employees during the year was 9.

²⁾In 2018 Other operating expenses include USD 163 and USD 4 for rent of office premises/parking and office machine respectively. As of 01.01.2019 these contracts were identified as leases according to IFRS 16. See note 18 for information of the adoption of IFRS 16 Leases.

Specification of auditor fees*	2019	2018
Audit fee	(46)	(72)
Other attestation services	(3)	0
Tax consultancy services	(3)	(8)
Other services	0	(7)
Total	(52)	(87)

Audit fee paid in 2019 relates to the audit performed by PwC for the fiscal year 2018.

*All amounts are excluding VAT.



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Note 5 Pensions

The Group has two pension plans, one defined benefit plan and one defined contribution plan. Both plans provide benefits to members in the form of a pension payable for a defined period when reaching the retirement age. The level of benefits provided depends on length of service of each member, their salary in the final years and the amount of benefits from the social security system leading up to retirement. The liability is covered through Storebrand Livsforsikring AS. The defined benefit plan was closed on 30 October 2012 and employees hired after this date will benefit from a defined contribution plan. The Company's pension scheme meets the requirements of the law on compulsory occupational pension. All former pensioners were bought out of the contract as per 31 March 2016. On the same date it was also undertaken a reorganization of the disability pension of the contract, and this resulted in a release of liability and reserves. The disability pension will in the future not be part of the actuarial calculation and is now a pure risk coverage that should not be capitalized.

Economic assumptions used as a basis for the calculation:

(USD 1 000)	2019	2018
Discount rate	2,30 %	2,60 %
Expected rate of compensation increase	2,25 %	2,75 %
Expected rate of pension increase	0,50 %	0,80 %
Increase of social security base amount (G)	2,00 %	2,50 %

The actuarial assumptions relating to demographic factors are based on assumptions generally applied to insurance (Table K2013BE for 2019 and Table K2013BE for 2018)

Average remaining service period	13,00	14,00
Payroll tax / social security tax	14,10 %	14,10 %
Actives total	3	3
Pensioners total	0	0

	2019	2018
Service cost	77	78
Interest cost on accrued pension liabilities	6	6
Net pension costs in period	83	83

Net liability (assets) at beginning of period	2 369	2 272
Service cost	74	65
Interest costs on accrued pension liabilities	27	21
Past service cost	0	0
Settlement	0	0
Payroll tax / social security tax on employers contribution	(13)	(12)
Benefits paid	0	0
Remeasurements loss/(gain)	(18)	24
Net liability/(assets) at the end of period	2 438	2 369

Fair value of assets at beginning of period	2 134	2 030
Return on pension funds	18	14
Settlement	0	0
Contribution from employer	110	107
Payroll tax / social security tax on employers contribution	(13)	(12)
Benefits paid	0	0
Remeasurement (loss) gain	2	(4)
Fair value of assets at end of period	2 251	2 134

Funded status (underfunded)	(187)	(235)
Net assets/(liability) recognised in the BS at the end of period	(187)	(235)

Net assets/(liability) recognised in the BS at the beginning of period	(235)	(242)
Pension cost	(83)	(83)
Employer contribution incl. payroll tax and currency effect	110	118
Remeasurement (loss) gain	21	(28)
Net assets/(liability) recognised in the Balance Sheet end period	(187)	(235)



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Note 6 Financial items

(USD 1 000)	2019	2018
Other financial income		
Interest income	187	201
Total interest and other financial income	187	201
Net gain/(loss) on foreign exchange	23	3
Unrealized gain/(loss) on financial instruments		
Unrealized value increase/(decrease), interest rate swap agreements	(1 977)	715
Total unrealized gain/(loss) on financial instruments	(1 977)	715
Interest and other financial expenses		
Interest expenses mortgage debt	(10 278)	(11 359)
Interest expenses capitalized	0	285
Other financial expenses	(320)	(361)
Total interest and other financial expenses	(10 598)	(11 436)
Net financial items	(12 365)	(10 516)

Note 7 Tax

With effect from 2012 all subsidiaries owning qualifying assets entered the Norwegian tonnage tax regime according to tax code §8-10, where there is a final tax exemption for shipping income. The tax exemption includes operating profit and gain on income. Net financial income will be taxed at the ordinary tax rate of 22%.

In order to qualify for the Norwegian tonnage tax regime, tonnage taxed companies can principally not engage in any business other than charter and operation of owned or chartered vessels.

Norwegian tonnage taxed companies are obliged to pay an annual moderate tonnage tax, based on the net registered tonnage. Tonnage tax is presented as operating cost. See note 4.

Income at entry USD 1 327 893 (NOK 7 391 581) was booked against gain/loss account, and minimum 20% is taxable income per year. Current tax liability of USD 30 941 (NOK 272 822) was recognised as deferred tax in the financial statement. Current years financial result is calculated according to tax code § 8-10 to 8-20.

The applicable tax rate for calculating the payable tax was 23% for 2018 while for 2019 the tax rate is 22%.
The applicable tax rate for calculating deferred tax/(deferred tax benefits) was 22% for 2018 and 22% for 2019.

(USD 1 000)	2019	2018
Tax on income as a result of entering the Norwegian tonnage tax regime		
Gain account opening balance	178	235
Taxable part of income (20%) at exchange rate USD/NOK year end	38	57
Gain account balance 31 December at USD/NOK exchange rate year end	141	178
Deferred tax on gain account balance (22% tax rate in 2019, 22% tax rate in 2018)	31	39
Tax payable on taxable part (22% tax rate in 2019) at USD/NOK exchange rate year end	8	10
Total deferred tax liabilities and payable tax 31 December	39	49
Basis for other deferred tax / tax benefits	2019	2019
Loss carried forward	(19 773)	(18 440)
Deferred tax benefits (22% in 2018 and 2019)	4 350	4 057
These deferred tax benefits are not recognized in the balance sheet.		
Taxes in the Profit & Loss statement	2019	2019
Tax payable	8	10
Changes in deferred tax (tax benefits)	(8)	(12)
Total tax (tax income)	0	(2)
Taxable net financial profit/(loss)	(1 598)	(2 504)
Tonnage tax	80	81



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(USD 1 000)

Deferred tax and deferred tax benefits - ordinary taxed companies	Deferred tax benefit	Change	Deferred tax benefit
	OB 2019	2019	CB 2019
Deferred tax asset/(liability)			
Operating assets	1	(1)	(0)
Receivables and liabilities	(528)	(18)	(546)
Gains and losses account	(38)	8	(30)
Pensions	52	(52)	0
Other differences	81	(40)	41
Loss carried forward	2 259	(547)	1 713
Net deferred tax asset benefit/(liability)	1 827	(649)	1 178
Of which not recognised	1 827		1 178
Deferred tax asset/(liability) in the balance sheet	0		0

(USD 1 000)

Deferred tax and deferred tax benefits - ordinary taxed companies	Deferred tax benefit	Change	Deferred tax benefit
	OB 2018	2018	CB 2018
Deferred tax asset/(liability)			
Operating assets	3	(3)	1
Receivables and liabilities	(481)	(47)	(528)
Gains and losses account	(52)	14	(38)
Pensions	56	(4)	52
Other differences	94	(13)	81
Loss carried forward	2 997	(738)	2 259
Net deferred tax asset benefit/(liability)	2 617	(790)	1 827
Of which not recognised	2 617		1 827
Deferred tax asset/(liability) in the balance sheet	0		0

The basis for deferred tax (tax benefit) is calculated based on differences that exist at the end of the accounting year between accounting and tax values.
Temporary differences relating to the Group's vessels held in partnerships are not included in the Group's presentation of deferred tax and deferred tax liabilities.

(USD 1 000)

Reconciliation of effective tax rate	2019	2018
Profit/(loss) before tax	(5 976)	3 076
Tax income calculated on the result before tax	1 315	(707)
Tax effects of:		
- Adjusted tax - tonnage taxed companies	(1 799)	291
- Effect of change in tax rate	0	(2)
- Change in deferred tax benefit, not recognised	649	0
- Permanent differences	(3)	0
- Other differences	(161)	(370)
Tax income (expense) in the profit and loss statement	0	(788)



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Note 8 Fixed assets

(USD 1 000)

	Right of use Assets	Other assets	Vessels	Docking	Total vessels	Total
1 January 2018						
Acquisition cost		338	424 365	10 246	434 611	434 948
Acquisition cost - non depreciable		5	0	0	0	5
Accumulated depreciation and write downs		(283)	(89 925)	(6 767)	(96 692)	(96 975)
Book value 1 January 2018		60	334 440	3 479	337 919	337 979
Accounting year 2018						
Book value 1 Jan		60	334 440	3 479	337 919	337 979
Additions		22	0	0	0	22
Additions - non-depreciable		0	0	0	0	0
Disposals		0	0	0	0	0
Depreciation		(13)	(12 969)	(1 191)	(14 159)	(14 173)
Impairments		0	0	0	0	0
Book value 31 December 2018		69	321 472	2 288	323 760	323 828
31 December 2018						
Acquisition cost		148	424 365	9 046	433 411	433 559
Acquisition cost - non depreciable		5	0	0	0	5
Accumulated depreciation and write downs		(84)	(102 894)	(6 758)	(109 652)	(109 736)
Book value 31 December 2018		69	321 472	2 288	323 760	323 828
Useful life		3-5 years	30 years	2.5-5 years		
1 January 2019						
Acquisition cost		148	424 365	9 046	433 411	433 559
Acquisition cost - non depreciable		5	0	0	0	5
Accumulated depreciation and write downs		(84)	(102 894)	(6 758)	(109 652)	(109 736)
Recognition of Right of Use Assets on initial application of IFRS 16	1 046	0	0	0	0	1 046
Adjusted book value 1 January 2019	1 046	69	321 472	2 288	323 760	324 874
Accounting year 2019						
Book value 1 Jan	1 046	69	321 472	2 288	323 760	324 874
Additions	0	3	323	2 757	3 080	3 083
Disposals		0	0	0	0	0
Depreciation	(118)	(16)	(13 119)	(1 633)	(14 752)	(14 886)
Impairments		0	(2 174)	0	(2 174)	(2 174)
Book value 31 December 2019	929	55	306 502	3 412	309 914	310 898
31 December 2019						
Acquisition cost	1 046	(61)	424 689	10 603	435 292	436 276
Acquisition cost - non depreciable	0	5	0	0	0	5
Accumulated depreciation and write downs	(118)	112	(118 187)	(7 190)	(125 378)	(125 384)
Book value 31 December 2019	929	55	306 502	3 412	309 914	310 898
Useful life	4-9 years	3-5 years	30 years	2.5-5 years		

Right of Use Assets - lease

IFRS 16 was effective and has been implemented 1 January 2019. The Right of Use Assets will be depreciated over the remaining periods in the identified leases from implementation. See Note 18 for further information regarding this.

Write-down fixed assets

Current year's impairment charge of USD 2.2 million relates to the vessel NOCC Kattegat. Book value of the remaining vessels can be supported through a value in use calculation, and no impairment charge has consequently been booked for these vessels. No impairment charge was booked in 2018.

Current year's addition - vessels

Current year vessel addition represent BWTS (Ballastwater Treatment System) for the vessel NOCC Atlantic.

Current year's docking addition

Docking addition for 2019 was USD 2.8 million. The docking additions were for the vessels NOCC Atlantic and NOCC Kattegat. There were no docking additions in 2018.

Mortgages

All vessels owned by the Group have been mortgaged as security for bank loans. Please refer to Note 12.



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Note 9 Subsidiaries

See below the overview of the entities in the Car Carrier Investments AS Group:

Name	Country ¹⁾	Ownership/voting rights%	
		2019	2018
Wholly-owned subsidiaries:			
Norwegian Car Carriers AS	Norway	100 %	100 %
NOCC Shipowning AS	Norway	100 %	100 %
NOCC Atlantic AS	Norway	100 %	100 %
NOCC Asian King AS	Norway	100 %	0 %
NOCC Finance AS	Norway	100 %	0 %
Other subsidiaries:			
NOCC Atlantic DIS	Norway	53,75 %	53,75 %

¹⁾ Oslo is the business address for all the subsidiaries

Note 10 Account receivables and other current assets

(USD 1 000)

Account receivables and other current assets	2019	2018
Prepaid costs	833	1361
Prepaid insurance premiums	230	230
Accrued swap interest	0	100
Stocks of luboil, bunkers ¹⁾	531	720
Bunkers /MDO for sale	0	343
Other current receivables ²⁾	217	322
Insurance claims ³⁾	7	6
VAT receivables	4	13
Total	1 821	3 094

1) Stocks of luboil and bunkers are recognized in the balance sheet at cost, using the first-in/first-out method (FIFO).

2) At year-end 2019 the expected credit losses on trade receivables calculated under the simplified expected credit loss model is based on the average historical loss rate for the latest five years of 0.0%, following the fact that CCI the latest five years has not realised any credit losses on trade receivables. All outstanding trade receivables were not due as per 31 December 2019.

3) Insurance claims in connection with vessel damage are recognised at best estimate of recoverable amounts from the insurance company.

(USD 1 000)

Book value of the Group's Other long-term and current receivables by currency*:	2019	2018
NOK	31	43
USD	1 260	2 770
Total	1 291	2 813

* Excluding stocks of luboil and bunkers



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Note 11 Cash and cash equivalents

(USD 1 000)

Bank deposits with restrictions (included in cash and cash equivalents)	2019	2018
Tax withholding funds	75	74
Restricted accounts	1 116	1 109
Total bank deposits with restrictions	1 190	1 182

In the cash flow statement, cash and cash equivalents consist of the following:

(USD 1 000)

Cash and cash equivalents (including restricted amounts)	12 887	17 929
Total	12 887	17 929

Amounts held on restricted accounts relate to office lease guarantees, cash held by NOCC Atlantic DIS on a debt service retention account and minimum liquidity.

Note 12 Debt

SECURED DEBT

2019

Specification of secured debt

(USD 1 000)

Company	Vessel	Currency	Long-term Debt (>1 year)	Short-term Debt (< 1 year)	Nominal interest 31 Dec 2019	Fixed/ floating interest	Maturity
NOCC Shipowning AS 1)	Fleet financing	USD	134 223	17 733	5,5 %	partly fixed	Nov 2021
NOCC Atlantic DIS 2)	NOCC Atlantic	USD	14 190	3 040	5,7 %	floating	June 2022
Total			148 412	20 773			

As per 31 December 2019, the proportion of fixed rate debt represented 55.5% of the interest-bearing debt. The variable proportion of the interest-bearing debt have 3 months rollover/repricing dates.

The bank debt facilities contain financial covenants including minimum value clause, adjusted equity, minimum asset coverage and minimum cash and positive working capital. The borrowers were in compliance with all financial covenants in the respective loan agreements on the balance sheet date.

The difference between book-value and actual value of interest bearing debt is immaterial. The debt is measured to be in level 2. See note 15 for description of the level.

IFRS 16 was mandatorily implemented on 1 January 2019. Please refer to note 18 for further information regarding this.

Reconciliation debt to Cash-flow statement

(USD 1 000)

Company	Bank	Currency	Initial application IFRS 16	Initial amount - BOY	Non-cash changes	Reimbursed principal during the year	Outstanding at year-end
NOCC Shipowning AS	DnB Bank/Nordea	USD		169 884	(196)	(17 733)	151 955
NOCC Atlantic DIS	NIBC	USD		20 201	69	(3 040)	17 230
Norwegian Car Carriers AS	Lease obligation	NOK	1046		39	(147)	939
			1046	190 085	(88)	(20 920)	170 123



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CCI Group

2018

Specification of secured debt

(USD 1 000)

Company	Vessel	Currency	Long-term Debt (>1 year)	Short-term Debt (< 1 year)	Nominal interest 31 Dec 2018	Fixed/ floating interest	Maturity
NOCC Shipowning AS 1)	Fleet financing	USD	152 151	17 733	5,9 %	partly fixed	Nov 2021
NOCC Atlantic DIS 2)	NOCC Atlantic	USD	17 161	3 040	6,6 %	floating	June 2022
Total			169 312	20 773			

As per 31 December 2018, the proportion of fixed rate debt represented 52.0% of the interest-bearing debt. The variable proportion of the interest-bearing debt have 3 months rollover/repricing dates.

The bank debt facilities contain financial covenants including minimum value clause, adjusted equity, minimum asset coverage and minimum cash and positive working capital. The borrowers were in compliance with all financial covenants in the respective loan agreements on the balance sheet date.

The difference between book-value and actual value of interest bearing debt is immaterial. The debt is measured to be in level 2. See note 15 for description of the level.

Reconciliation debt to Cash-flow statement

(USD 1 000)

Company	Bank	Currency	Initial amount - BOY	Non-cash changes	Reimbursed principal during the year	Outstanding at year-end
NOCC Shipowning AS	DnB Bank/Nordea	USD	187 223	393	(17 733)	169 884
NOCC Atlantic DIS	NIBC	USD	23 164	77	(3 040)	20 201
			210 388	470	(20 773)	190 085

Note 13 Other current liabilities

(USD 1 000)

	2019	2018
Accrued swap interest	33	0
Prepaid charter hire	434	1 628
Accrued costs	442	434
Debt to charterer	1 320	0
Due to suppliers	1 445	2 856
Total	3 674	4 918

Note 14 Financial risk management

Risk management overview

The Group is exposed to financial risks such as market risk, credit risk and liquidity risk. Market risk comprise three types of risk: interest rate risk, foreign currency risk, and price risk.

In order to reduce and mitigate these risks, the management periodically reviews and evaluates the most important financial market risks. When a risk factor is identified, measures may be taken to reduce the specified risk. When deemed appropriate, the financial market risks are mitigated by applying derivative products for hedging purposes. If derivative transactions are entered into, only recognized ordinary derivative instruments are applied. It is the policy of the management to execute financial derivative transactions with recognised financial institutions only. None of the derivative transactions entered into by the Group are designated as accounting hedges, and hedge accounting is not applied.

Interest rate risks

The Group has applied derivatives only for the purpose of managing risks related to fluctuations in interest rates. The treatment of financial derivatives for accounting purposes is further discussed in note 15 for the Group.

Foreign exchange risks

The functional currency of the Group is in USD as most of the revenues, expenses, assets and liabilities are denominated in USD. The foreign exchange exposure is primarily related general and administrative expenses which is in NOK. The available liquidity is primarily held in USD and, to a lesser extent in NOK. As per 31 December 2019 the Group has not entered into any foreign exchange rate derivatives.

Price risk

The Group will normally have very limited exposure to risks associated with bunkers price fluctuations since the supply of fuel is for charterers account when the vessel is on contract. The Group has not entered into any bunker derivatives.



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Net foreign exchange gains and losses recognized in the profit and loss account:

(USD 1 000)	2019	2018
Net gain/(loss) on foreign exchange (note 6)	23	3
Total	23	3

Interest rate risk

The Group is exposed to interest rate fluctuations primarily related to the Group's long-term debt obligations. In order to reduce the interest rate risk, the Group has adopted a strategy to hedge a portion of the interest rate exposure associated with the long-term debt by entering into interest rate swaps.

Depending on developments in interest rates and certain internal guidelines, the Group enters into hedging transactions with a view to fix 50-70% of the interest rate exposure. The interest rate risk is assessed using a dynamic model which takes into account different scenarios based on refinancing, alternative financing and hedging.

As per 31 December 2019, the Group had entered into interest rate swap agreements for a total nominal value of USD 108.8 million, under which the Group received a floating interest rate and paid a fixed rate. One of the interest rate swaps with a nominal value of USD 10 million have start date in 2020.

As per 31 December 2019, the proportion of fixed rate debt represented 55.5% of the interest-bearing debt. The variable proportion of the interest-bearing debt have 3 months rollover/repricing dates.

The following table illustrates the sensitivity in the Group's profit before tax from given fluctuations in interest rates (interest swap included), all other factors held constant.

(USD 1 000)	Increase/reduction in loan interest	Effect on result before tax
2019	+ / - 1 %	+/- 793
2018	+ / - 1 %	+/- 913

During 2019 and 2018 the Group's borrowings at a variable rate were denominated in USD. The impact on the Group's equity is immaterial. See detailed information of borrowings in Note 12 - Debt.

Credit risk

Credit risk occurs in transactions with financial instruments, cash deposited with banks and financial institutions in addition to risks related to customer receivables and other short-term receivables. The Group deals primarily with recognized and creditworthy third parties. There have been very few disputes, if any, with customers regarding payment and fulfilment of contractual terms. Customer receivables are monitored continuously and the Group's risk of loss on receivables is considered low. There is also credit risk related to loans to associated companies. The maximum exposure is limited to the book value of the financial assets including derivatives. The maximum exposure related to customer receivables is deemed to be equal to be the book value of customer receivables; see Note 10 - Other long-term receivables, account receivables and other current assets.

The liquidity reserve of the Group is primarily deposited with major banks like Nordea Bank Apb and DNB Bank ASA.

These banks have following long-term credit ratings:

Nordea Bank Apb	AA-	(Standard & Poor's)
DNB Bank ASA	AA-	(Standard & Poor's)

Liquidity risk

The Group monitors the risk of shortage of available capital by carefully following up maturity dates for financial investments, financial assets, and projected cash flows from operations. Careful management of liquidity risk involves maintaining a sufficient holding of cash and tradable securities in order to maintain sufficient liquidity to honour running obligations. The management monitors the liquidity reserve through rolling forecasts based on expected cash flows.

The table below provides details of financial liabilities classified according to the repayment structure. The amounts are undiscounted cash flows, and the classification has been done according contractual maturity.

(USD 1 000)	2020	2021-2022	2023-2025	2026 and later	Total
31 December 2019					
Long-term interest bearing debt	20 773	148 412	0	0	169 185
Lease obligation	98	211	357	273	939
Derivatives	0	297	0	0	297
Other short-term debt	3 674	0	0	0	3 674
Total	24 544	148 921	357	273	174 094
Interest during the period ¹⁾	9 033	7 718	72	13	16 836

¹⁾ Including interest under interest rate swaps and interest on lease obligation.



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Fair value of interest-bearing debt

Some of the Group's bank loans are subject to interest margins that are currently deemed to be below market levels. The difference between book-value and actual value of interest bearing debt is immaterial.

Capital management

The Group's management has an objective to ensure that the Group maintains a certain solidity in order to support the business and maximise shareholder value. The Group manages its capital structure and makes necessary changes on an ongoing basis according to an assessment of the economic factors, under which the business is operated in the short- to medium term.

Management of the capital structure is carried out through adjusting dividends or issuing new shares. There has been no change to the guideline within this area during 2019.

The Group's policy is to maintain an equity ratio of at least 30 per cent. As per 31 December 2019, the book equity ratio was 46.11% (43.41% as per 31 December 2018).

The book equity ratio is calculated as book equity divided by total assets:

(USD 1 000)		
31 December:	2019	2018
Total equity	150 146	150 101
Assets	325 613	345 804
Equity ratio	46,11 %	43,41 %

Note 15 Financial instruments

Measurement of fair value

The fair value of unquoted financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices.

The fair value of foreign exchange contracts is set by using the forward rate on the balance sheet date and is set by calculating the present value of future cash flows. In the case of all the above-mentioned derivatives, the fair value is confirmed by the financial institution that the Company has entered into the agreement with. The Group did not have any foreign exchange contracts 31 December 2019.

The following of the company's financial instruments are not valued at fair value: cash and cash equivalents, customer receivables, other receivables and long-term debt.

The book value of cash and cash equivalents is virtually the same as fair value due to the fact that these instruments have short maturity dates. Receivables are recognised at amortised cost less expected credit losses.

The Group classifies fair value measurements by using a fair value hierarchy that reflects the significance of the input that is used in preparing the measurements. The fair value hierarchy has the following levels:

Level 1: the input is quoted prices (unadjusted) in an active market for identical assets or liabilities.

Level 2: the input is prices, other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. calculated from prices).

Level 3: the input to the asset or liability is not based on observable market data (non-observable input).

The following table presents the Group's financial assets and liabilities measured at fair value as per 31 December 2019:

(USD 1 000)			
2019	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value over profit or loss			
- Derivatives held for trading purposes	0	6	0
Total assets	0	6	0
Liabilities			
Financial liabilities at fair value over profit or loss			
- Derivatives held for trading purposes	0	1 214	0
Total liabilities	0	1 214	0

During the reporting period, there were no changes in the fair value measurement that involved transfers between level 1 and level 2. Financial assets and liabilities in level 2 are entered in the balance sheet at market value.



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CCI Group

The following table presents the Group's financial assets and liabilities measured at fair value as per 31 December 2018
(USD 1 000)

2018	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value over profit or loss			
- Derivatives held for trading purposes	0	953	0
Total assets	0	953	0
Liabilities			
Financial liabilities at fair value over profit or loss			
- Derivatives held for trading purposes	0	183	0
Total liabilities	0	183	0

Derivatives

(USD 1 000)	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Interest swap agreements ¹⁾	6	1 214	953	183
Total book values	6	1 214	953	183

¹⁾ Interest swap agreements

The notional amount of outstanding interest rate swap agreements was USD 108.8 million (2018: USD 148.8 million). One of the interest swap agreements with a total nominal value of USD 10 million have start date in 2020. As per 31 December 2019 the fixed interest rate for the swaps in effect varied from 1.5% to 2.7% + margin (2018: 1.5% to 2.0%). The floating interest rates are based on 3 months USD Libor.

(USD 1 000)

Currency	Notional amount		Start date	Maturity date	Fixed rate
	USD				
USD	9 399		February 2013	February 2020	1,54 %
USD	9 399		February 2013	February 2020	1,54 %
USD	15 000		March 2013	March 2020	2,04 %
USD	25 000		January 2017	November 2021	2,02 %
USD	20 000		July 2019	January 2022	2,68 %
USD	20 000		July 2019	January 2022	2,48 %
USD	10 000		March 2020	March 2022	3,13 %

¹⁾ See note 14

Financial instruments by category

As at 31 December 2019	At fair value over profit /loss	At amortized cost	Total
(USD 1 000)			
Assets			
Customer receivables and other receivables (excl. prepayments)	0	220	220
Derivatives	6	0	6
Cash and cash equivalents	0	12 597	12 597
Total Assets	6	12 817	12 823
Liabilities			
Loans	0	167 281	167 281
Derivatives	1 214	0	1 214
Lease obligation ¹⁾	0	939	939
Due to suppliers and other debt	0	2 765	2 765
Total Liabilities	1 214	170 984	172 198

¹⁾ See note 18

As at 31 December 2018	At fair value over profit /loss	At amortized cost	Total
(USD 1 000)			
Assets			
Customer receivables and other receivables (excl. prepayments)	0	335	335
Derivatives	953	0	953
Cash and cash equivalents	0	17 929	17 929
Total Assets	953	18 264	19 216
Liabilities			
Loans	0	187 805	187 805
Derivatives	183	0	183
Due to suppliers and other debt	0	2 856	2 856
Total Liabilities	183	190 661	190 843



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Note 16 Remuneration and fees

(USD 1 000)	Salary	Other remuneration	Pension cost	Total
Remuneration to senior management 2019				
Olav Sollie, CEO ¹⁾	261	39	9	309
Other members of senior management ²⁾	593	60	51	704
Total remuneration senior management	854	99	60	1 013
Remuneration to senior management 2018				
Olav Sollie, CEO	272	81	10	363
Other members of senior management ²⁾	632	117	53	802
Total remuneration senior management	904	198	63	1 165

¹⁾ Upon termination of the employment contract, the CEO is entitled to receive his base salary, including agreed benefits, during the 6 months notice period plus a compensation equal to 12 months salary.

²⁾ Chief Financial Officer, Director Chartering and Commercial and Technical Director.

The Board of Directors of the Parent company does not receive any compensation. The chairman of the board is not entitled to any bonus or severance pay. Remuneration and fees are denominated in NOK. In the table above, the average USD/NOK exchange rate is used to convert the figures from NOK to USD.

Note 17 Transactions with related parties

All the companies set out in note 9 are related parties to CCI. Receivables and transactions between consolidated companies are eliminated in the consolidation and not shown in this note.

Transactions with related parties are entered into on an arms-length basis and at market terms. Apart from the transactions specified in this note there are no transactions or outstanding amounts of a material nature with related parties.

Note 18 Leases and commitments

The Group has applied IFRS 16 that is effective for annual periods that begin on or after 1 January 2019 using the modified retrospective approach on initial application. This standard is replacing IAS 17. (See note 1.)

The Group has identified two lease contracts where the Group is the lessee and IFRS 16 introduces new or amended requirements with respect to lease accounting:

Office

The Group administration is situated in rented premises in Drammensveien 167 in Oslo, Norway. In April 2017 the Group renewed the contract for office lease in Drammensveien 167 in Oslo until Q1 2023 with an option for another 5 years.

Office machine

The Group is renting an office machine. The contract expires in Q3 2022.

On transition to IFRS 16, the Group recognised Right-of-use Assets and Lease obligations for these leases. When measuring the Lease obligations, the Group discounted lease payments using the applicable incremental borrowing rate (5.63%).

All the Group's vessels are chartered out on either time charter contracts or bareboat contracts. These contracts are leases where the Group is the lessor and retains substantially all risks and rewards incidental to ownership, and the accounting will remain unchanged according to IFRS 16.

(USD 1000)	Impact of adopting IFRS 16 as at 1 January 2019	Depreciation ROA	Payment on Lease obligation	Interest expense on Lease obligation	Currency effect	Carrying amount 31.12.2019
Right-of-use Assets	1 046	(118)				929
Lease obligations	(1 046)		147	(54)	15	(939)

Payments on Low value asset leases (exempt) amounted to USD 1 625. The amounts were booked as administration costs in 2019.



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CCI Group

Note 19 Share capital and shareholder information

	2019	2018
Total number of shares 1 January	30	30
Share capital increases	0	0
Total number of shares 31 December	30	30
Total shares	30	30

The share capital consists of:

	Number of shares	Par Value NOK	Share capital registered USD
Ordinary shares	30	12 000	45 789

2019: During 2019 the share capital has been increased by NOK 60 00. The par value is increased from NOK 10 000 to NOK 12 000 per share.

List of shareholders with more than 1% interest:	Total shares	Interest
KLAVENESS INVEST AS	15	50,0 %
NAUTILUS H LIMITED	15	50,0 %
Total	30	100,0 %

Note 20 Post balance sheet events

In March 2020 the vessel NOCC Oceanic was fixed on a time charter contract with Hyundai Glovis for 150 days (+/- 30 days) starting from 24 March 2020.

In April the time charter party for the vessel NOCC Kattegat was extended up to 31 December 2020.

In April 2020 the equity was increased for general purposes by USD 4 000 000 (NOK 41 160 000).

In April 2020 the Group re-negotiated the existing loan agreement with its banks. The amendment includes deferral of two installments, increase of margin by 50bps, as well requirement for USD 4 million in new equity issue. If there is a need for deferral of a third instalment the margin will be further increased by 50bps.

The Covid-19 pandemic is affecting the whole world and the world markets. It is hard to predict the full impact on the economy and the markets in which the Group operates. At the time of writing there is little visibility in the duration of the Corona impact. However, analysts estimate that Global car sales will decline significantly in 2020. This will have a severe impact on seaborne car trade leading to a huge drop in the first half of 2020.



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Car Carrier Investment AS – Parent Company

Income statement

USD 1 000

	Note	2019	2018
OPERATING INCOME AND EXPENSES			
OPERATING INCOME			
Other operating income			
Total operating income		0	0
OPERATING EXPENSES			
Other operating expenses	2	(69)	(85)
Total operating expenses		(69)	(85)
OPERATING PROFIT/(LOSS)		(69)	(85)
FINANCIAL INCOME AND EXPENSES			
Interest income		3	2
Impairment financial assets		(1 032)	0
Net gain/(loss) on foreign exchange		(4)	(23)
Interest expenses group		(4)	(17)
NET FINANCIAL ITEMS		(1 038)	(38)
PROFIT/(LOSS) BEFORE TAX		(1 107)	(123)
Taxes	7	0	0
PROFIT/(LOSS) AFTER TAX		(1 107)	(123)



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Car Carrier Investment AS – Parent Company

Statement of financial position as at 31 December

USD 1 000	Note	2019	2018
ASSETS			
FIXED ASSETS			
FINANCIAL FIXED ASSETS			
Investments in subsidiaries	5	123 075	118 107
Total financial fixed assets		123 075	118 107
<hr/>			
TOTAL FIXED ASSETS		123 075	118 107
CURRENT ASSETS			
Other current receivables		0	1
Cash and cash equivalents	3	290	293
TOTAL CURRENT ASSETS		290	295
<hr/>			
TOTAL ASSETS		123 366	118 402



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Car Carrier Investment AS – Parent Company

Statement of financial position as at 31 December

USD 1 000

EQUITY AND LIABILITIES

EQUITY

Paid-in equity:

Share capital	4	46	39
Share premium reserve	4	172 507	166 514
Total paid-in equity		172 553	166 553

Other equity:

Other equity	4	(49 301)	(48 194)
Total other equity		(49 301)	(48 194)

Total equity		123 252	118 359
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LIABILITIES

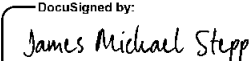
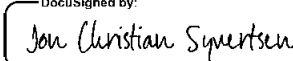
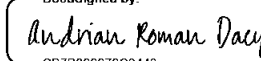
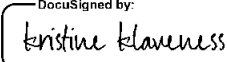
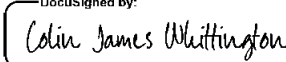
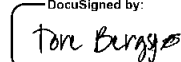
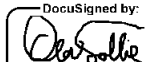
CURRENT LIABILITIES

Tax payable	7	0	0
Current debt group	6	108	32
Other current liabilities		6	11
Total current liabilities		114	43

TOTAL LIABILITIES		114	43
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TOTAL EQUITY AND LIABILITIES		123 366	118 402
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Oslo, 5 May 2020

<p>DocuSigned by:  <small>97C2FE69469E40C...</small> James Michael Stepp Board Member</p>	<p>DocuSigned by:  <small>09DD6A2D3603434...</small> Jon Christian Syvertsen Chairman</p>	<p>DocuSigned by:  <small>CB7B392279C9443...</small> Andrian Roman Dacy Board Member</p>
<p>DocuSigned by:  <small>1221CE8C258F484...</small> Kristine Klaveress Board Member</p>	<p>DocuSigned by:  <small>31F1169A189B4E7...</small> Colin James Whittington Board Member</p>	<p>DocuSigned by:  <small>D90F4FD68BD148D...</small> Tore Bergsjø Board Member</p>
<p>DocuSigned by:  <small>222C184E3396415...</small> Olav Solli CEO</p>		



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Car Carrier Investment AS – Parent Company

Cash flow statement

USD 1 000	2019	2018
Cash flow from operating activities		
Profit/ (loss) before income taxes	(1 107)	(123)
+ Interest costs	4	17
- Interest income	(3)	(2)
- /+ Currency gain/loss	4	23
+ Impairment financial assets	1 032	0
+ Changes in accounts payable/other current payables	64	(157)
= Net cash flow from operating activities	A (6)	(242)
Cash flow from investing activities		
- Purchase of shares in subsidiaries (share issue in subsidiaries)	(6 000)	0
= Net cash flow from investing activities	B (6 000)	0
Cash flow from financing activities		
- /+ Net paid/received interest	3	(5)
+ Paid in equity / Proceeds from share issue	6 000	0
= Net cash flow from financing activities	C 6 003	(5)
Net change in cash and cash equivalents	A+B+C (3)	(247)
+ Cash and cash equivalents at 01.01.	293	540
= Cash and cash equivalents at 31.12.	290	293



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Car Carrier Investment AS – Parent Company

Note 1 Accounting Principles

The office of Car Carrier Investments AS is located at Drammensveien 167, Oslo.

PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of Car Carrier Investments AS have been prepared in accordance with the Accounting Act 1998 and generally accepted accounting principles in Norway.

The financial statements have been prepared at historical cost, with the exception of financial instruments, which are measured at fair value.

Functional currency and presentation currency

The Company's presentation currency as well as the functional currency is USD. The following exchange rates have been applied NOK/USD:

31 December 2018: 8,6911

31 December 2019: 8,8176

Subsidiaries and associated companies in the Company's financial statements

Except for short term investments in listed shares, the cost method is applied to investments in other companies. The cost price is increased when funds are provided through capital increases or when group contributions are made to subsidiaries. Dividends and group contributions exceeding the portion of retained earnings after the date of investment are reflected as a reduction in the cost of the investment. Dividends/group contributions from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividends from other companies are reflected as financial income when it has been approved.

Interests in other limited partnerships

Limited partnership interests that relate to various small investments are entered as financial fixed assets in other enterprises.

Income recognition

Income on delivery of services is valued at the fair value of the consideration. Services are posted to income in line with execution of the contract.

Foreign exchange contracts

Foreign exchange contracts are considered to be monetary items and recorded at fair value with changes in market value recorded in the income statement.

Pension liabilities

The Company has no employees and thus not obligated to have a pension scheme.

Classification of assets and liabilities

Current assets and short-term liabilities include items that fall due for payment within one year after the balance sheet date. Other items are classified as fixed assets/long-term obligations.

Current assets are valued at the lower of acquisition cost and fair value. Short-term debt is entered in the balance sheet at the nominal amount at the time of establishment.

Fixed assets are valued at acquisition cost written down to fair value if the fall in value is expected to be permanent. Long-term liabilities are entered in the balance sheet at the nominal amount at the time of establishment

Short-term investments

Short-term investments (shares and interests valued as current assets) are valued at the lower of average acquisition cost and fair value on the balance sheet date. Dividends received and other distributions from companies are posted to income as other financial income.

Business combinations

The Group uses the acquisition method of accounting to account for business combinations. Acquisition cost is included in the cost price for shares acquired in accordance with generally accepted accounting principles in Norway.

Tax

The tax charges in the income statement consist of tax payable and change in deferred tax.

Deferred income tax is provided for with a tax rate of 22%, using the liability method on all temporary differences between the tax base of financial items, their carrying value for financial reporting purposes, their carrying value for financial reporting purposes as well as any financial tax losses carried forward.

The tax position on all differences between accounting and tax values of assets and liabilities are calculated with a resulting deferred tax or deferred tax asset, with the exception of: temporary differences related to investments in subsidiaries, associated companies or jointly controlled businesses when the temporary differences will be reversed and this is not expected to happen in the foreseeable future.

The tax increasing and reducing temporary differences that reverse or can reverse in the same periods are netted.

Deferred tax is measured based on the expected future tax rates where temporary differences have arisen, and are entered at nominal value and classified as long-term liabilities in the statement of financial position.

Following a change in the tax legislation in 2005 the tax losses can be carried forward indefinitely.

Due to uncertainties whether tax losses carried forward may be utilized within reasonable time, the Company has not recognized any of its deferred tax assets in the balance sheet.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments that can be converted immediately and with no significant price risk to a specific cash amount, and have a maturity date shorter than three months from establishment



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Car Carrier Investment AS – Parent Company

Note 2 Other Operating expenses

USD 1 000

	2019	2018
Audit fees	6	14
Management fee	61	70
Other administrative expenses	2	1
Total	69	85

The company had no employees during the period and the company is not obliged to have a pension scheme.

Auditors fee (amount excl VAT):	2019	2018
Audit fee	6	14
Other attestation services	1	0
Total	7	14

Audit fee paid in 2019 relates to the audit performed by PwC for the fiscal year 2018.

Note 3 Cash and cash equivalents

USD 1 000

Cash and cash equivalents	2019	2018
Bank deposit	290	293
Total	290	293

Note 4 Equity

USD 1 000

Equity 2019	Share capital	Share premium reserve	Other paid in capital	Capital increase unregistered	Other equity	Total equity
Equity 01.01.	39	166 514	0	0	(48 194)	118 359
Share capital increase ¹⁾	7	5 993	0	0	0	6 000
Net profit/(loss) 2019	0	0	0	0	(1 107)	(1 107)
Equity 31.12.	46	172 507	0	0	(49 301)	123 252

As of 31 December 2019, the share capital consists of 30 shares with par value NOK 12 000. For further shareholder information, please refer to note 19 in Group accounts.

¹⁾The increase in the share capital was NOK 60 000.

Equity 2018	Share capital	Share premium reserve	Other paid in capital	Capital increase unregistered	Other equity	Total equity
Equity 01.01.	39	166 514	0	0	(48 070)	118 483
Net profit/(loss) 2018	0	0	0	0	(123)	(123)
Equity 31.12.	39	166 514	0	0	(48 194)	118 359

As of 31 December 2018, the share capital consists of 30 shares with par value NOK 10 000. For further shareholder information, please refer to note 19 in Group accounts.

Note 5 Investment in subsidiaries

USD 1 000

Company name	Share	Booked equity 2019	Result 2019	Booked value 2019	Booked value 2018
Norwegian Car Carrier AS, Oslo	100%	123 075	(2 938)	123 075	118 107
Total investments in subsidiaries		123 075	(2 938)	123 075	118 107



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Car Carrier Investment AS – Parent Company

Note 6 Payables and receivables - Group companies

USD 1 000

Group payables and receivables	2019	2018
Current liabilities - Group companies	108	32

Interest on intercompany liabilities and receivables are calculated according to the Group agreement.

Note 7 Tax

USD 1 000

	2019	2018
Profit/(loss) before tax in USD	(1 107)	(123)
Result difference currency ¹⁾	1 034	7
Non-deductible expenses/(income)	0	0
Basis of year's tax charge	(72)	(117)
Changes in temporary differences included loss carried forward (USD/NOK at year end)	72	117
Basis for tax payable in the profit and loss account	0	0
Taxable income	0	0

1) Result difference mainly due to impairment of financial asset in USD. An impairment of shares in subsidiaries has been recognized in USD but not in NOK due to translation differences of equity value in subsidiaries at balance sheet date.

Specification of tax charge:

Tax payable on the result for the year	(16)	(27)
Tax effect on change in deferred loss brought forward	16	27
Excess/shortfall provided in previous years	0	0
Total tax payable	0	0
Change in deferred tax	0	0

Loss carried forward 31.12

Basis for deferred tax assets	187	117
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Deferred tax calculated with rate 22% as per 31 December 2019. 22% as per 31 December 2018.	41	26
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The nominal tax rate is changed from 23% to 22% from the fiscal year 2019. The tax rate used to calculate the deferred tax (tax asset) 31 December 2018 is 22%. The company has chosen not to take the deferred tax asset into the balance sheet. Thus the change in the nominal tax rate has no effect for the company. The company has chosen not to take the deferred tax asset into the balance sheet.

Taxable financial result	0	0
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Note 8 Post balance sheet events

In April 2020 the equity was increased for general purposes by USD 4 000 000 (NOK 41 160 000).

The Covid-19 pandemic is affecting the whole world and the world markets. It is hard to predict the full impact on the economy and the markets in which the Group operates. At the time of writing there is little visibility in the duration of the Corona impact. However, analysts estimate that Global car sales will decline significantly in 2020. This will have a severe impact on seaborne car trade leading to a huge drop in the first half of 2020.



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To the General Meeting of Car Carrier Investments AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Car Carrier Investments AS. The financial statements comprise:

- The financial statements of the parent company Car Carrier Investments AS (the Company), which comprise the statement of financial position as at 31 December 2019, and the income statement, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Car Carrier Investments AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2019 and income statement, statement of comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

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 other information is materially inconsistent with the

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Car Carrier Investments AS

financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group 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 accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted 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. We 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 and the Group'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 and the Group'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 and the Group to cease to continue as a going concern.

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- 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 5 May 2020
Deloitte AS

Reidar Ludvigsen
State Authorised Public Accountant (Norway)

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"By my signature I confirm all dates and content in this document."

Reidar Ludvigsen

Statsautorisert revisor

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Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 05.01.2015	Vår dato 15.01.2015
Telefon 22078139	Deres referanse Jonas Gunstad	Vår referanse 2015/15705

NORWEGIAN CAR CARRIERS AS
Postboks 304 Skøyen
0213 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 5. januar 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Car Carrier Investments AS	org. nr. 912 838 706
NOCC Shipowning AS	org. nr. 995 667 460
NOCC Coral AS	org. nr. 998 070 457
Ro-Ro Helena AS	org. nr. 889 902 892
NOCC Atlantic AS	org. nr. 990 932 255
Det indre selskap NOCC Atlantic DIS	fiktivt org. nr. 090 057 332

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte 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.

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

NOCC konsernet er eiet av Car Carrier Investments AS, som eies 50 % av det engelske selskapet Nautilus H Ltd og 50 % av Klaveness Invest AS. Car Carrier Investments AS er det ultimate morselskapet i konsernet. Tidligere var Norwegian Car Carriers AS morselskap, men ble oppkjøpt av Car Carrier Investments AS. Konsernet driver internasjonal shippingvirksomhet med hovedvekt på frakt av biler og annet rullende gods. Selskapene opererer i en bransje med sterk internasjonal karakter hvor engelsk benyttes ved kommunikasjon både internt og eksternt. Norwegian Car Carriers AS er i vedtak (2011/172463) av 1. mars 2011 innvilget tillatelse til å avlegge årsoppgjør på engelsk. Selskapene opererer i en internasjonal bransje. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

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

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I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at 50 % konsernet er eiet av et utenlandsk selskap. Eierkretsen er begrenset. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer