



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 997 571 290  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: ISLAND VENTURES 4 AS  
Forretningsadresse: Stålhaugen 9  
6065 ULSTEINVIK

### Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Asbjørn Hasund  
Dato for fastsettelse av årsregnskapet: 14.06.2019

### Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert  
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

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

Brønnøysundregistrene, 05.11.2020



## Resultatregnskap

Beløp i: NOK	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt		29 378 045	30 179 994
<b>Sum inntekter</b>	2	<b>29 378 045</b>	<b>30 179 994</b>
<b>Kostnader</b>			
Varekostnad	5	4 740 508	7 184 544
Lønnskostnad	5	16 305 790	15 588 929
Annen driftskostnad	4,5	24 965 899	24 566 185
<b>Sum kostnader</b>		<b>46 012 197</b>	<b>47 339 658</b>
<b>Driftsresultat</b>		<b>-16 634 152</b>	<b>-17 159 663</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		478 950	430 979
Annen renteinntekt		17 830	125 862
Annen finansinntekt	3	308 711	3 926 286
<b>Sum finansinntekter</b>		<b>0</b>	<b>0</b>
Rentekostnad til foretak i samme konsern		484 459	143 759
Annen rentekostnad		3 069	3 288
Annen finanskostnad	3	343 513	1 812 344
<b>Sum finanskostnader</b>		<b>0</b>	<b>0</b>
<b>Netto finans</b>		<b>-25 551</b>	<b>2 523 735</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-16 659 703</b>	<b>-14 635 928</b>
Skattekostnad på ordinært resultat	6	-3 741 364	-8 885 530
<b>Ordinært resultat etter skattekostnad</b>		<b>-12 918 339</b>	<b>-5 750 398</b>
<b>Årsresultat</b>		<b>-12 918 339</b>	<b>-5 750 398</b>
<b>Totalresultat</b>		<b>-12 918 339</b>	<b>-5 750 398</b>
<b>Overføringer og disponeringer</b>			
Utbytte		0	0



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Overføringer til/fra annen egenkapital		-12 918 339	-5 750 398
<b>Sum overføringer og disponeringer</b>		<b>-12 918 339</b>	<b>-5 750 398</b>



## Balanse

Beløp i: NOK	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	6	7 769 030	4 351 309
<b>Sum immaterielle eiendeler</b>		<b>7 769 030</b>	<b>4 351 309</b>
<b>Varige driftsmidler</b>			
Skip, rigger, fly og lignende		1 643 516	1 437 460
<b>Sum varige driftsmidler</b>		<b>1 643 516</b>	<b>1 437 460</b>
<b>Finansielle anleggsmidler</b>			
<b>Sum finansielle anleggsmidler</b>		<b>0</b>	<b>0</b>
<b>Sum anleggsmidler</b>		<b>9 412 546</b>	<b>5 788 769</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		357 978	411 280
<b>Sum varer</b>		<b>0</b>	<b>0</b>
<b>Fordringer</b>			
Kundefordringer	5	5 022 509	5 314 480
Andre fordringer	5	29 618 843	24 878 715
<b>Sum fordringer</b>		<b>34 641 352</b>	<b>30 193 195</b>
<b>Investeringer</b>			
<b>Sum investeringer</b>		<b>0</b>	<b>0</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		63 551	77 645
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>63 551</b>	<b>77 645</b>
<b>Sum omløpsmidler</b>		<b>35 062 880</b>	<b>30 682 120</b>
<b>SUM EIENDELER</b>		<b>44 475 426</b>	<b>36 470 889</b>



## Balanse

Beløp i: NOK	Note	2018	2017
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	8	100 800	100 800
Overkurs		380	380
Annen innskutt egenkapital		0	0
<b>Sum innskutt egenkapital</b>		<b>101 180</b>	<b>101 180</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		9 368 293	22 286 632
<b>Sum opptjent egenkapital</b>		<b>9 368 293</b>	<b>22 286 632</b>
<b>Sum egenkapital</b>	7	<b>9 469 473</b>	<b>22 387 812</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
<b>Sum annen langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	5	2 199 049	1 941 533
Annen kortsiktig gjeld		32 806 904	12 141 544
<b>Sum kortsiktig gjeld</b>		<b>35 005 953</b>	<b>14 083 077</b>
<b>Sum gjeld</b>		<b>35 005 953</b>	<b>14 083 077</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>44 475 426</b>	<b>36 470 889</b>



**Financial Statements  
2018**

**Island Offshore Ventures 4 AS**



**ISLAND OFFSHORE**



**Annual Report 2018**  
**Island Ventures 4 AS**  
Organization number 997 571 290

**Business activities**

The Company's business comprises operation of offshore service vessels for end-clients in the oil and gas and renewables industry worldwide. The vessels are hired from both related party ship owners and external ship owners on bareboat terms, and have in 2018 conducted work in the UK sector of the North Sea. The scope of work includes supply duties. The vessels are managed by Island Offshore Management AS, and the business is operated from Ulsteinvik.

**Statement on results**

Revenue in 2018 totalled NOK 29.4 mill, a slight reduction compared to last year's revenue of NOK 30.2 mill. The Company had only one vessel in operation through 2018 with 100 % utilization. Considering the nature of the business, it is expected that revenue will fluctuate with changes in the contract portfolio and market state.

Operating profit is negative at NOK -16.6 mill in 2018 compared with an operating profit of NOK -17.2 mill in 2017. The vessel in operation reported weak results in 2018 and 2017 mainly due to a relative low charter day rate which does not fully cover the bareboat hire expenses from the external party. However, it is a strategic decision to keep the vessel in operation through a weak market in order to minimize loss for the Company and maintain client relationships pending improved markets.

The net result for the year amounts to a loss of NOK -12.9 mill compared with a loss of NOK -5.8 mill in 2017.

Net equity is NOK 9.5 mill as per 31.12.18 compared with NOK 22.4 mill as per 31.12.17. The change in equity corresponds to this year's loss.

The Company does not have ongoing research and development activities.

**Going concern**

Due to the continued state of the market and the implications for earnings and cash flow, the Island Offshore Group, including the ultimate parent company Island Offshore Shipholding, L.P., concluded a holistic and comprehensive restructuring agreement with secured and unsecured lenders effective April 12th 2018. The term of the restructuring agreement is until end of 2020 and includes modified amortization schedules for each vessel, in addition to lifting of certain financial covenants.

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

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2018, including the effective restructuring agreement.



**Work environment and gender equality**

The Company does not have employees. The crew is hired from the management company. The Board comprises representatives from the largest participants in the partnerships.

**External environment**

The Company's operations do not pollute the external environment beyond what is normal for this type of business.

**Financial risk**

The Company does not have external loans, and working capital financing is provided inter-group. The Company is exposed to market risks with respect to utilization of vessels on hire and thus the overall demand for offshore service vessels. Activity may involve work outside Norway and the Company will then be exposed to currency risks. Financial instruments, in the means of Forward Currency Contracts, are used to reduce this risk.

**Future outlook**

The Company is dependent on securing additional work for vessels on bareboat hire to increase activity. The current charter contract for the Island Champion expires in April 2020. Overall it is emphasized that there is uncertainty with regards to the estimation of future results.

**Other matters**

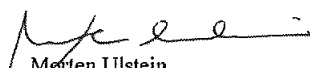
Beyond the above, The Board of Directors is not aware of any subsequent events that could be significant for the evaluation of the Company's financial position and results. Reference is made to the income statement, balance sheet cash flow statement and notes.

**Allocation of results**

The Board proposes the following allocation of the 2018 net loss of NOK -12 918 339

Transferred to other equity                      NOK   -12 918 339

Ulsteinvik, 25 April 2019

  
Morten Ulstein  
Chairman of the Board

  
Håvard Ulstein  
Board Member

  
Gary Chouest  
Board Member

  
Dino Chouest  
Board Member

  
Henning Sundet  
Managing Director

Island Ventures 4 AS  
Organization number: 997 571 290



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Income Statement

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**Island Ventures 4 AS**

	Note	2018	2017
Freight income		29 378 045	30 179 994
<b>Total operating income</b>	<b>2</b>	<b>29 378 045</b>	<b>30 179 994</b>
Operating expenses vessel	6	4 740 508	7 184 544
Crew expenses	6	16 305 790	15 588 929
Other operating expenses	5,6	24 634 178	24 345 037
Depreciation	4	331 721	221 148
<b>Operating expenses</b>		<b>46 012 197</b>	<b>47 339 658</b>
<b>Operating profit</b>		<b>-16 634 152</b>	<b>-17 159 663</b>
Interest Income from Group companies		478 950	430 979
Other interest income		17 830	125 862
Other financial income	3	308 711	3 926 286
Interest paid to Group Companies		484 459	143 759
Other interest expenses		3 069	3 288
Other financial expenses	3	343 513	1 812 344
<b>Net financial income and expenses</b>		<b>-25 551</b>	<b>2 523 735</b>
<b>Ordinary result before tax</b>		<b>-16 659 703</b>	<b>-14 635 928</b>
Tax	7	-3 741 364	-8 885 530
<b>Annual net profit</b>		<b>-12 918 339</b>	<b>-5 750 398</b>
Distributed to loss in equity		-12 918 339	-5 750 398
<b>Net distributed</b>		<b>-12 918 339</b>	<b>-5 750 398</b>



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**Balance sheet**

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**Island Ventures 4 AS**

	Note	2018	2017
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Deferred tax assets	7	7 769 030	4 351 309
<b>Total intangible fixed assets</b>		<b>7 769 030</b>	<b>4 351 309</b>
<b>Tangible fixed assets</b>			
Capitalized maintenance	4	1 643 516	1 437 460
<b>Total tangible assets</b>		<b>1 643 516</b>	<b>1 437 460</b>
<b>Total fixed assets</b>		<b>9 412 546</b>	<b>5 788 769</b>
<b>Current assets</b>			
Stock of supplies		357 978	411 280
<b>Debtors</b>			
Accounts receivables		5 022 509	5 314 480
Other receivables	6	29 618 843	24 878 715
<b>Total debtors</b>		<b>34 641 352</b>	<b>30 193 195</b>
<b>Investments</b>			
Cash and bank deposits		63 551	77 645
<b>Total current assets</b>		<b>35 062 880</b>	<b>30 682 120</b>
<b>Total assets</b>		<b>44 475 426</b>	<b>36 470 889</b>

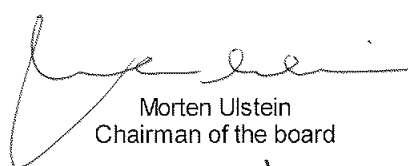


## Balance sheet

### Island Ventures 4 AS


	Note	2018	2017
<b>Liabilities and equity</b>			
<b>Equity</b>			
<b>Paid in equity</b>			
Paid in capital	9	100 800	100 800
Share premium reserve		380	380
<b>Total paid in equity</b>		<b>101 180</b>	<b>101 180</b>
Other equity		9 368 293	22 286 632
<b>Total retained earnings</b>		<b>9 368 293</b>	<b>22 286 632</b>
<b>Total equity</b>	8	<b>9 469 473</b>	<b>22 387 812</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade creditors		2 199 049	1 941 533
Other short term liabilities	6	32 806 904	12 141 544
<b>Total current liabilities</b>		<b>35 005 953</b>	<b>14 083 077</b>
<b>Total liabilities</b>		<b>35 005 953</b>	<b>14 083 077</b>
<b>Total equity and liabilities</b>		<b>44 475 426</b>	<b>36 470 889</b>

Ulsteinvik, 31.12.2018 / 25.04.2019  
The Board of Directors Island Ventures 4 AS

  
Morten Ulstein  
Chairman of the board

  
Håvard Ulstein  
Board member

  
Gary J Chouet  
Board member

  
Dino David Chouet  
Board member

  
Henning Sundet  
Managing Director

**Cash Flow Statement**

## Island Ventures 4 AS

	2018	2017
<i>Cash flow from operational activities:</i>		
Profit before tax	-16 659 703	-14 635 928
-/+ Taxes paid- / Norwegian tax credit+	323 643	5 173 803
+ Depreciation	331 721	221 148
-/+ Change in inventory	53 302	37 919
-/+ Change in accounts receivable	291 971	15 950 342
+/- Change in accounts payable	257 516	923 557
+/- Change in accruals	<u>15 925 233</u>	<u>-9 904 051</u>
= Cash flow from operational activities	<u>523 683</u>	<u>-2 233 210</u>
<i>Cash flow from investment activities</i>		
- Payments purchase of fixed assets	<u>-537 777</u>	<u>-1 651 200</u>
= Cash flow from investment activities	<u>-537 777</u>	<u>-1 651 200</u>
<i>Cash flow from financing activities</i>		
- Payment of dividend	<u>0</u>	<u>-3 495 412</u>
= Net cash flow from financing activities	<u>0</u>	<u>-3 495 412</u>
= Net change in cash and cash equivalents	<u>-14 094</u>	<u>-7 379 822</u>
+ Cash reserve 1.1	<u>77 645</u>	<u>7 457 467</u>
= Cash reserve 31.12	<u>63 551</u>	<u>77 645</u>



## Notes to the financial statements 2018

### Island Ventures 4 AS

#### NOTE 1 ACCOUNTING PRINCIPLES

Island Ventures 4 AS is included in the consolidated financial statement for Island Offshore Shipholding, L.P. , c/o Island Offshore Shipping AS, Stålhaugen 12, 6065 Ulsteinvik, Norway.

The financial statements are prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles in Norway.

The significant principles are described below.

##### Revenue and expense recognition

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

##### Recording of rent agreements

Rent agreements are recorded in accordance with the transaction principle and is in accordance with the economic content of the agreement. Operating agreements are accounted for as expenses and are collocated with the corresponding revenue in the corresponding period.

##### Capitalized periodical maintenance (dry docking)

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

##### Classification criteria

Assets to be owned or utilized permanently, and receivables falling due later than one year from the end of the accounting year, are classified as fixed assets. Other assets are classified as current assets. Same principles are assumed for liabilities.

##### Valuation of current assets

Current assets are recorded net of expected future losses and at the lowest value of cost price and market value.

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

##### Receivables

Account Receivables and other Receivables are recorded in the balance sheet at face value after deduction of expected loss. Loss on debtors are accounted for on basis of individual assessment of the receivables.

##### Currency

Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets and current liabilities are recorded at the exchange rate at the balance sheet date. The company has long term charter hire contracts in foreign currency. Contract revenue in foreign currency is hedged by use of forward FX contracts. The maturity of these contracts are aligned with the monthly cash flow thus are recognized as incurred.



## Notes to the financial statements 2018

### Island Ventures 4 AS

#### Taxes

Deferred tax/tax asset is calculated on the basis of all differences between accounting and tax values for assets and liabilities. Deferred tax is estimated with 22% rate based on the temporary differences between tax and accounting values, as well as deferred tax loss carried forward at the end of the accounting year. Deferred tax asset is based on taxable loss to be utilized in future taxable profit.

#### Cash flow statement

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

#### **NOTE 2 THE COMPANY BUSINESS AND GEOGRAPHICAL SPLIT OF REVENUE**

The vessel Island Champion, operated by the Company, has performed work in the UK sector in 2018 and 2017. Island Champion is rented on bareboat contract from an external party. The vessel had 100 % utilization during bareboat hire period.

The vessel main activity throughout the year has been transport of cargo for the petroleum industry.

#### **NOTE 3 SPECIFICATIONS OTHER FINANCIAL ITEMS AND INFORMATION ABOUT FINANCIAL INSTRUMENTS**

Other financial income comprises:

	<u>2018</u>	<u>2017</u>
Realized currency gain	181 225	1 871 943
Hedging gain+/loss- on foreign currency	127 486	2 054 343
<b>Other financial income</b>	<b>308 711</b>	<b>3 926 286</b>

Other financial expenses comprise:

	<u>2018</u>	<u>2017</u>
Realized Currency loss	343 513	1 812 344
<b>Other financial costs</b>	<b>343 513</b>	<b>1 812 344</b>

The company has a strategy to hedge contracted revenue in foreign currency when contracts are entered for a longer period of time. The financial instrument is linked to a specific revenue cash flow and can be measured in respect of success rate according to strategy.

There are no outstanding forward contracts as per 31.12.18.



## Notes to the financial statements 2018

### Island Ventures 4 AS

#### NOTE 4 FIXED ASSETS

In NOK	Periodic maintenance	Total
Acquisition cost 1.1	1 658 607	1 658 607
Additions	537 778	537 778
Disposals at costs	-	-
Acc. Depreciation 31.12	-552 869	-552 869
<b>Book value 31.12</b>	<b>1 643 516</b>	<b>1 643 516</b>
Annual depreciation	331 721	<b>331 721</b>
Economic life	5	
Depreciation plan	Linear	

According to Bareboat agreement entered into with external party, the Company has the maintenance and repair responsibility for the vessel Island Champion. The periodical maintenance program has an estimated term of 5 years hence the capitalized periodic maintenance is depreciated over a period of 5 years.

#### NOTE 5 PAYROLL, EMPLOYEES

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

#### Auditor

Audit fee has been expensed with NOK 37.329,- excluding VAT in 2018.

#### NOTE 6 RELATED PARTIES

Transactions with related parties:	2018	2017
Other short term receivables Island Offshore Shipholding, L.P.	24 228 909	24 182 658
Other short term receivables Island Offshore Management AS	4 200 000	0
Other short term liabilities Island Offshore Management AS	-32 120 190	-10 402 170
Other short term liabilities Borgstein AS	-258 455	0

Accounts receivable are mainly connected to prepayments as per 31.12.18 with Island Offshore Shipholding LP. Island Offshore Management AS has granted a short term loan to the company due to restricted liquidity in the company. The receivables and short term loan are interest bearing based on transfer pricing rules.

**Notes to the financial statements 2018**

## Island Ventures 4 AS

	2018	2017
Transactions with related parties		
Purchase of management services	1 923 837	1 925 531
Crew hire	16 305 790	15 588 929

The company has entered into management agreements with Island Offshore Management AS and Borgstein AS to carry out technical and commercial services for the vessel. The services include business management, crewing, purchase, administration, sales, accounting and technical operations.

According to the management agreement, the ship owning company will refund all direct costs related to the vessels, to the management company. An annual fee is paid based on arm's length principle.

**NOTE 7 TAXES**

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

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

Deferred tax/tax asset has been calculated as follows:

	2018	2017
Total temporary differences	-	-
Tax loss carried forward	-35 313 779	-18 918 739
<b>Basis for deferred tax</b>	<b>-35 313 779</b>	<b>-18 918 739</b>
Deferred tax	-7 769 030	-4 351 309
Deferred tax rate	22 %	23 %

Calculation of this years tax expense:

	2018	2017
Profit before tax	-16 659 703	-14 635 928
Tax deductible foreign taxes	-	-1 500 150
Permanent differences	264 663	-117 733
<b>Annual tax basis</b>	<b>-16 395 040</b>	<b>-16 253 811</b>
Change in temporary differences	-	-
Use of tax loss carried forward	-	-
<b>Basis for tax payable</b>	<b>-16 395 040</b>	<b>-16 253 811</b>
Tax percentage	23 %	24 %
Credit taxes refunded	-323 643	-6 673 953
Taxes paid to HMRC in UK	-	1 500 150
Changes deferred tax asset	-3 417 721	-3 711 727
<b>Tax expense</b>	<b>-3 741 364</b>	<b>-8 885 530</b>



## Notes to the financial statements 2018

### Island Ventures 4 AS

The Company's international operations in 2015 implied the creation of a Permanent Establishment in the UK. Tax returns and payments of taxes to UK tax authorities were completed in 2017 and are basis for deductible expenses rather than initiating a process for applying credit in Norwegian taxes.

Norwegian Tax Authorities credited paid taxes to HMRC for PE activity in the UK in 2014, and for taxes paid to Russian Tax Authorities for PE activity in Russia in 2014. The Company received in total NOK 6 673 953 refund of taxes in 2017.

#### NOTE 8 EQUITY

	<b>Paid in Capital</b>	<b>Share premium reserve</b>	<b>Other Equity</b>	<b>Total</b>
<b>Equity as per 01.01</b>	100 800	380	22 286 632	<b>22 387 812</b>
<i>This year change in equity:</i>				
Profit+ / Loss - for the year	-	-	-12 918 339	-12 918 339
<b>Equity as per 31.12.</b>	<b>100 800</b>	<b>380</b>	<b>9 368 293</b>	<b>9 469 473</b>

#### NOTE 9 OWNERSHIP

The share capital of NOK 100.800 consist of 2 400 shares a NOK 42,-.

Owners at 31.12:

<b>Shareholders</b>	<b>Number of shares</b>	<b>Ownershare</b>
Island Offshore UK Limited	2 400	100 %
<b>Total number of shares</b>	<b>2 400</b>	<b>100 %</b>

Island Offshore UK Limited is a wholly owned subsidiary of Island Offshore Shipholding L.P. which is the parent company in the Island Offshore Group.



## Notes to the financial statements 2018

Island Ventures 4 AS

### NOTE 10 GOING CONCERN

Due to the continued state of the market and the implications for earnings and cash flow, the Island Offshore Group, including the ultimate parent company Island Offshore Shipholding, L.P., concluded a holistic and comprehensive restructuring agreement with secured and unsecured lenders effective April 12<sup>th</sup> 2018. The term of the restructuring agreement is until end of 2020 and includes modified amortization schedules for each vessel, in addition to lifting of certain financial covenants.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption. The basis for this assumption is the financial position of the Company at 31.12.2018, including the effective restructuring agreement.



Statsautoriserte revisorer  
Ernst & Young AS

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Medlemmer av Den norske revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Ventures 4 AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Island Ventures 4 AS, which comprise the balance sheet as at 31 December 2018, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

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

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) is responsible for the other information. Our opinion on the audit of 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 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 management for the financial statements

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

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

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

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

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

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

## Report on other legal and regulatory requirements

### Opinion on 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 proposal for the allocation of the result 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen , 31 May 2019  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Jørn Knutsen  
State Authorised Public Accountant (Norway)

Pennio Dokumentnr: 613JU-EQJTL-C5D6E-ZJNYU-QA9FI-CWZME



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## Jørn Knutsen


Statsautorisert revisor

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**Skattedirektoratet**

Bakkehandler Geir Johannessen	Deres dato 10.02.2016	Vår dato 23.02.2016
Telefon 22 07 73 26/22 66 11 14	Deres referanse Tommy Walaunet	Vår referanse 2018/7791B4

ISLAND OFFSHORE MANAGEMENT AS  
Postboks 370  
6067 ULSTEINVIK

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk**

Det vises til deres brev av 16. februar 2015, der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Amnor Bergen AS	org.nr. 994 787 365
Amnor Bergen KS	org.nr. 994 787 381
Island Ventures 4 AS	org.nr. 997 571 290
Agat Technology AS	org.nr. 997 109 198
Island Offshore Subsea AS	org.nr. 988 626 392
Island Offshore Subsea Crewing AS	org.nr. 996 266 591

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

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

**Bakgrunn**

Skattedirektoratet har tidligere gitt tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for flere sammenhengbare selskaper i deres portefølje. Bakgrunnen er at disse selskapene er majoritets eid av en felles utenlandsk aksjonær og der andre vesentlige eiere er familiemedlemmer, eiet direkte eller gjennom selskaper, hhv av en utenlandsk og en norsk familie.

De selskapene det søkes for nå er norske private aksjeselskaper og et kommandittselskap. Amnor Bergen AS og Amnor Bergen KS er eid 100 % av et amerikansk selskap Amnor II LLC. Island Offshore Management AS (org.nr. 984 285 310) har tidligere fått tillatelse til å utarbeide årsregnskap og årsberetning på engelsk. Dette selskapet er morselskap i Island Offshore Subsea AS som eier 100 % av Island Offshore Subsea Crewing AS og er samtidig majoritets eier i Agat Technology AS. Island Ventures 4 AS er majoritets eid av familiemedlemmer, eiet indirekte gjennom selskaper, hhv av en utenlandsk familie (Gary Chouest m/familie) og norsk familie (Morten Ulstein m/familie). Øvrige eierposter består av mindre poster eiet av bekjente til den norske familien. Selskapenes forretningspråk er engelsk, som også er arbeidsspråket i styrene. Leverandørene er i hovedsak internasjonale og norske virksomheter med leveranser til offshore industrien, mens kreditorer er finansinstitusjoner med internasjonal virksomhet. Engelske regnskaper vil fullt ut dekke det informasjonsbehov som de vesentlige regnskapsbrukerne måtte ha.

Postadresse Postboks 0200 Grønland 0134 Oslo	Besøksadresse: Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org.nr: 896260310 E-post: <a href="mailto:skatteetaten.no/sendepost">skatteetaten.no/sendepost</a>	Sentralbord 800 80 000 Telefaks 22 17 08 60
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**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."

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

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

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte 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 selskapene har klar overvekt av utenlandske eierinteresser og for øvrig en begrenset eierkrets. Selskapenes forretningspråk er engelsk. Videre er det vektlagt at selskapene driver virksomhet i en bransje der aktørene forutsettes å beherske engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
Seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Geir Johannessen

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