



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 922 593 116
Organisasjonsform: Aksjeselskap
Foretaksnavn: ISLAND DEFENDER AS
Forretningsadresse: Stålhaugen 9
6065 ULSTEINVIK

Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

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: 08.06.2023

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 21.07.2024



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	19 695 427	19 666 611
Annen driftsinntekt		6 857 194	
Sum inntekter		26 552 621	19 666 611
Kostnader			
Varekostnad	6	7 314 509	9 200 836
Lønnskostnad	6	12 183 497	9 752 938
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	5 524 257	7 567 165
Annen driftskostnad	4	561 138	378 164
Sum kostnader		25 583 401	26 899 102
Driftsresultat		969 221	-7 232 491
Finansinntekter og finanskostnader			
Annen renteinntekt		1 981	
Annen finansinntekt	3	627 947	749 600
Sum finansinntekter		0	0
Rentekostnad til foretak i samme konsern		121 317	157 637
Annen rentekostnad		129 806	
Annen finanskostnad	3	197 962	1 089 481
Sum finanskostnader		0	0
Netto finans		180 843	-497 518
Ordinært resultat før skattekostnad		1 150 064	-7 730 009
Ordinært resultat etter skattekostnad		0	0
Årsresultat		1 150 064	-7 730 009
Totalresultat		1 150 064	-7 730 009
Overføringer og disponeringer			
Konsernbidrag		190 000 000	



Resultatregnskap

Beløp i: NOK	Note	2022	2021
Udekket tap		1 150 064	
Overføringer til/fra annen egenkapital		-190 000 000	
Sum overføringer og disponeringer	8	1 150 064	



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Maskiner og anlegg			192 932 074
Sum varige driftsmidler	5	0	192 932 074
Finansielle anleggsmidler			
Lån til foretak i samme konsern		190 000 000	
Sum finansielle anleggsmidler		190 000 000	0
Sum anleggsmidler		190 000 000	192 932 074
Omløpsmidler			
Varer			
Varer			673 819
Sum varer		0	0
Fordringer			
Kundefordringer		2 842	3 857 717
Andre fordringer	6	2 005 272	5 098 405
Sum fordringer		2 008 115	8 956 122
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		1 198 790	1 753 242
Sum bankinnskudd, kontanter og lignende		1 198 790	1 753 242
Sum omløpsmidler		3 206 904	11 383 183
SUM EIENDELER		193 206 904	204 315 257



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		90 000	90 000
Overkurs		40 270 528	230 270 528
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital	9	40 360 528	230 360 528
Opptjent egenkapital			
Annen egenkapital		-37 282 038	-38 432 103
Sum opptjent egenkapital		-37 282 038	-38 432 103
Sum egenkapital	8	3 078 490	191 928 425
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Sum annen langsiktig gjeld		0	0
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Leverandørgjeld			685 020
Annen kortsiktig gjeld	6	190 128 414	11 701 811
Sum kortsiktig gjeld		190 128 414	12 386 831
Sum gjeld		190 128 414	12 386 831
SUM EGENKAPITAL OG GJELD		193 206 904	204 315 257



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 492293

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Forretningsadresse: Stålhaugen 9
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Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Asbjørn Hasund
Dato for fastsettelse av årsregnskapet: 08.06.2023

Revisjon

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet: Ja

Grunnlag for avgivelse

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År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022.

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Brønnøysundregistrene, 22.06.2023



Organisasjonsnr: 922 593 116
ISLAND DEFENDER AS

RESULTATREGNSKAP

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ISLAND DEFENDER AS

BALANSE

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Organisasjonsnr: 922 593 116
ISLAND DEFENDER AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

1

Regnskapsprinsipper

Island Defender ASS was founded 13.03.19 and owns one PSV, the Island Defender, which was delivered 23.08.2019 to the Company. I 2019 and up to 31.08.20, the vessel was operated by the Manger Viking Supply and operating costs including payroll costs are reported net in the Income Statement in 2019. Manager Island Offshore Management took over the management from 01.08.20 and operating expenses are reported gross on payroll and vessel operating costs in the Income Statement in 2020. From 28.05.20 Island Offshore XII Ship as (organization number 994 289 764) is the parent company of Island Victory, however consolidated accounts are prepared by ultimate parent company Island Offshore Shipholding LP, c/o Borgstein AS, 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. 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. Fixed assets and depreciation Ships are recorded at purchase price less accumulated depreciation. The purchase price includes conversions, upgrades and other modifications. Ship value is depreciated linearly based upon expected economic life, but adjusted for individual modifications and estimated residual value after end of economic life. Adjusted for residual value, the vessels are depreciated over 20 years from delivery from the yard. The vessel value is tested on an impairment analysis employing estimates of future cash flow for the vessel. Please refer to notes for details. Shipbuilding contracts Instalments to the yard for new buildings are recorded as fixed assets. Supervision and other investments not included in the contracted price are capitalized. 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, normally every 30 months. Upon delivery of new vessels, a portion of acquisition cost is decomposed and recorded as periodic maintenance. Normal maintenance expenses are expensed as incurred. Financing expenses Expenses incurred in connection with new loans are capitalized at the date of drawdown and expensed over the expected term of the loan. Currency Transactions in foreign currency are recorded at the exchange rate at the transaction date. Current assets and 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. Taxes Deferred tax/tax asset is calculated on the basis of all differences between accounting and tax values for assets and liabilities. Deferred tax is estimated with 22% rate based on the temporary differences between tax and accounting values, as well as deferred tax loss carried forward at the end of the accounting



year. In accordance with NGAAP, deffered tax/tax asset is not recorded for participation taxed companies. Cash flow statement The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term cash equivalents.

Note

1

Er det usikkerhet om fortsatt drift?: Nei

Note

Antall årsverk i regnskapsåret

0.00

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets

Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Skatteetaten

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

ISLAND DEFENDER AS
Postboks 370
6067 ULSTEINVIK

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

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

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

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra søknaden siteres:

Viser til brev fra skattedirektoratet datert 29.10.2013, brev datert 23.02.2015, brev datert 23.02.2016, brev datert 27.04.17, brev datert 12.03.19 (referanse 2019/5531837) der vi fikk tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for flere av våre selskaper. Bakgrunnen er at selskapene er majoritetseid av en felles utenlandsk aksjonær og der andre vesentlige eiere er famillemedlemmer, eiet direkte eller gjennom selskaper, hhv av en amerikansk og en norsk familie.

Vi ønsker å søke om å få utvide dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk (regnskapsloven § 3-4) til også å omfatte følgende selskap:

Island Defender AS: Org.nr. 922 593 116
Island Offshore XII PSV AS: Org.nr. 924 922 494

Dette er norske private aksjeselskaper.
Island Defender AS og Island Offshore XII PSV AS er selskaper som er 100% eid av det norske selskapet Island Offshore XII Ship AS som er indirekte er majoritetseid av Island Offshore



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

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

Skattekontorets vurdering

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

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

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

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

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

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



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

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Gro Stangeland
underdirektør
Innsats, storbedrift
Skatteetaten

Kjell Knutsen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Island Defender AS

Annual report 2022

Board of directors' report

Annual accounts

- Income statement**
- Balance sheet**
- Cash flow**
- Notes**

Auditors' report



Previously Annual Report 2022

Island Defender AS

Org. no 922 593 116

Business activities

Island Defender AS previously owned one PSV, the Island Defender, which was delivered in 2019 and sold 11.10.22. The vessel has been operating in the North Sea and in Morocco in 2022 and 2021. Vessel manager Island Offshore Management AS assumed management from 01.08.20. The Company is managed from Ulsteinvik, Norway.

Statement on results

Revenue in 2022 totals NOK 26.5 mill compared with NOK 19.7 mill in 2021, and includes a net gain NOK 6.7 mill following sale of the vessel. Average utilization up to the date of the sale was 95% compared with 53% in 2021. Operating profit is NOK 1.2 mill compared to a loss NOK -7.7 mill in 2021.

Cash flow from operational activities is negative with NOK -14.5 mill. Net cash flow from investment activities is NOK 204 mill offset by a loan to the parent company of NOK 190 mill resulting in a net cash reserve of NOK 1.2 mill at 31.12.2022. The loan to the parent company will be offset by a group contribution from the Company's reserves.

Net equity is NOK 3.1 mill as at 31.12.22 compared to NOK 191.9 mill at 31.12.2021. The change in equity is due to this year's profit reduced by group contribution of NOK 190 mill. The Company does not have ongoing research and development activities.

Going concern

The Company is dormant at present. The company is consolidated in the Island Offshore Group. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base for the Company to continue being a going concern.

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

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 31.12.2022.

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's financial position as at 31.12.2022 is satisfactory considering that the Company is debt free.

The Company's liabilities totals NOK 190.1 mill as of 31.12.2022 of which NOK 190 mill is due to an accrual for group contribution to parent company. The liability will be settled against receivables towards the parent company.

Work environment, gender equality and corporate social responsibility

The Company does not have employees. The crew was hired from the Vessel Manager Island Offshore Management AS. The Manager continuously work to promote gender equality in all aspects of the

Island Defender AS
Org. no 922 593 116



business with the objective of securing equal opportunities irrespective of gender, ethnicity, nationality or religious orientation. The Board of Directors comprises three men as representatives from the largest owners in the company.

As employer the Manager has the responsibility to maintain, complete and report on progress with the work to promote and secure basic human rights and decent working conditions (Norwegian Transparency Act; "Openhetsloven"). The report will be available on Island Offshore's webpage www.islandoffshore.com before 30.06.23.

Future outlook

At present the Company is dormant but future activity is under evaluation. The Board of Directors will continue to monitor the financial situation of the Company closely.

Other matters

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

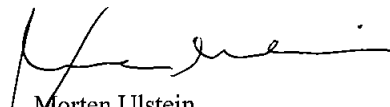
Beyond the above, the Board of Directors is not aware of any subsequent events that could be significant for the evaluation of the Company's financial position and results. Reference is made to the income statement, balance sheet, notes and cash flow analysis.

Allocation of results

The Board proposes the following transfer of the 2022 net profits of NOK 1.150.065

Reserve transfer	NOK -190.000.000
Group contribution	NOK 190.000.000
Transferred to other equity	NOK 1.150.065

Ulsteinvik, 27.04.23


Morten Ulstein
Chairman of the Board


Håvard Ulstein
Board Member

Giovanni Peditto
Board Member

Dino D. Chouest
Board Member


Fredrik Mordal Hessen
Board Member



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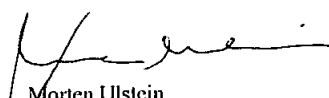
Beyond the above, the Board of Directors is not aware of any subsequent events that could be significant for the evaluation of the Company's financial position and results. Reference is made to the income statement, balance sheet, notes and cash flow analysis.

Allocation of results

The Board proposes the following transfer of the 2022 net profits of NOK 1.150.065

Reserve transfer	NOK -190.000.000
Group contribution	NOK 190.000.000
Transferred to other equity	NOK 1.150.065

Ulsteinvik, 27.04.23


Morten Ulstein
Chairman of the Board


Håvard Ulstein
Board Member

Giovanni Peditto
Board Member



Dino D. Chouest
Board Member

Fredrik Mordal Hessen
Board Member



business with the objective of securing equal opportunities irrespective of gender, ethnicity, nationality or religious orientation. The Board of Directors comprises three men as representatives from the largest owners in the company.

As employer the Manager has the responsibility to maintain, complete and report on progress with the work to promote and secure basic human rights and decent working conditions (Norwegian Transparency Act; "Openhetsloven"). The report will be available on Island Offshore's webpage www.islandoffshore.com before 30.06.23.

Future outlook

At present the Company is dormant but future activity is under evaluation. The Board of Directors will continue to monitor the financial situation of the Company closely.

Other matters

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

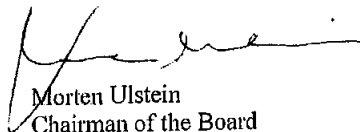
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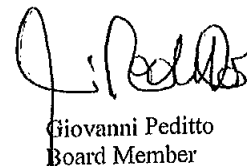
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Board Member

Island Defender AS
Org. no 922 593 116



Island Defender AS

Income statement

	Note	2022	2021
Revenue			
Freight income	2	19 695 427	19 666 611
Other operating income	5,6	6 857 194	0
Freight income		<u>26 552 621</u>	<u>19 666 611</u>
Operating expenses			
Vessel expenses	6	7 314 509	9 200 837
Crew expenses	6	12 183 497	9 752 937
Depreciation	5	5 524 257	7 567 165
Other operating expenses	4	561 135	378 163
Total operating expenses		<u>25 583 398</u>	<u>26 899 102</u>
Operating result		<u>969 223</u>	<u>-7 232 491</u>
Financial income and expenses			
Other financial income	3	629 928	749 600
Interest paid to group companies		121 317	157 637
Other financial expenses	3	327 769	1 089 481
Net financial items		<u>180 842</u>	<u>-497 518</u>
Ordinary result before tax		<u>1 150 065</u>	<u>-7 730 009</u>
Net profit or loss for the year		<u>1 150 065</u>	<u>-7 730 009</u>
Allocated as follows			
Reserve transfers		-190 000 000	0
Group contribution		190 000 000	0
Transferred to other equity		1 150 065	0
Uncovered losses		0	-7 730 009
Total allocations	8	<u>1 150 065</u>	<u>-7 730 009</u>



Island Defender AS

Balance sheet as of December 31

	Note	2022	2021
Fixed assets			
<i>Tangible assets</i>			
Ships	5	0	192 932 074
Total tangible assets		0	192 932 074
<i>Financial assets</i>			
Loans to group companies	6	190 000 000	0
Total financial assets		190 000 000	0
Total fixed assets		190 000 000	192 932 074
Current assets			
Inventories		0	673 819
<i>Receivables</i>			
Trade receivables		2 842	3 857 717
Other receivables	6	2 005 272	5 098 405
Total accounts receivable		2 008 114	8 956 122
Cash and cash equivalents		1 198 790	1 753 242
Total current assets		3 206 904	11 383 183
Total assets		193 206 904	204 315 257

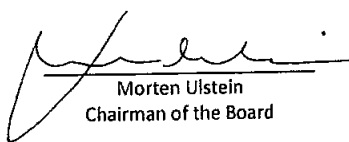


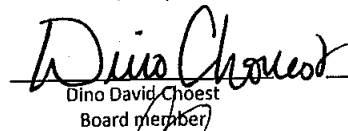
Island Defender AS

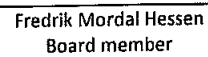
Balance sheet as of December 31

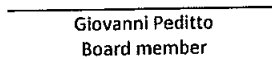
	Note	2022	2021
Equity			
<i>Paid-in capital</i>			
Share capital		90 000	90 000
Share premium reserve		40 270 528	230 270 528
Total paid-in capital	9	<u>40 360 528</u>	<u>230 360 528</u>
<i>Retained earnings</i>			
Other equity		<u>-37 282 038</u>	<u>-38 432 103</u>
Total retained earnings		<u>-37 282 038</u>	<u>-38 432 103</u>
Total equity	8	<u>3 078 490</u>	<u>191 928 425</u>
Liabilities			
<i>Current liabilities</i>			
Trade creditors		0	685 020
Other short-term liabilities	6	<u>190 128 414</u>	<u>11 701 812</u>
Total current liabilities		<u>190 128 414</u>	<u>12 386 832</u>
Total liabilities		<u>190 128 414</u>	<u>12 386 832</u>
Total equity and liabilities		<u>193 206 904</u>	<u>204 315 257</u>

31 December 2022 /
Ulsteinvik, 27 April 2023


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Chairman of the Board


Dino David Choest
Board member


Fredrik Mordal Hessen
Board member


Giovanni Peditto
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Harald Ulstein
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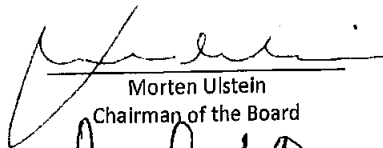


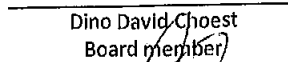
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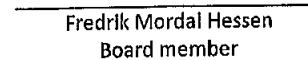
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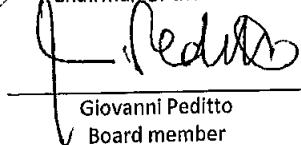
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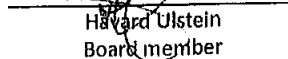
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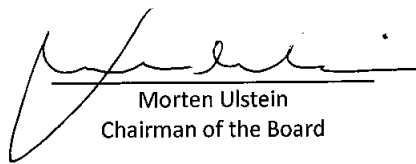


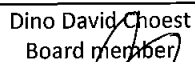
Island Defender AS

Balance sheet as of December 31

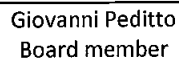
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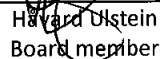
31 December 2022 /
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**Cash Flow Statement**

Island Defender AS

	2022	2021
<i>Cash flow from operational activities:</i>		
Profit before tax	1 150 065	-7 730 009
- Taxes paid	0	0
-/+ Gain/loss conversion of bond to shares	-6 731 018	0
+ Depreciation	5 524 257	7 567 165
-/+ Change in inventory	673 819	729 464
-/+ Change in accounts receivable	3 854 875	-3 857 717
+/- Change in accounts payable	-685 020	-271 915
+/- Change in accruals	-18 292 578	4 751 567
= Cash flow from operational activities	-14 505 600	1 188 555
<i>Cash flow from investment activities</i>		
+ Sale of fixed assets	204 000 000	0
- Payments purchase of fixed assets	-48 851	0
= Cash flow from investment activities	203 951 149	0
<i>Cash flow from financing activities</i>		
+ Draw down bank overdraft facility	10 000 000	0
- Repayment of bank overdraft facility	-10 000 000	0
- Intercompany loan	-190 000 000	0
= Net cash flow from financing activities	-190 000 000	0
= <i>Net change in cash and cash equivalents</i>	<i>-554 452</i>	<i>1 188 555</i>
+ <i>Cash reserve 1.1</i>	<i>1 753 242</i>	<i>564 687</i>
= <i>Cash reserve 31.12</i>	<i>1 198 790</i>	<i>1 753 242</i>



Notes to the financial statements 2022

Island Defender AS

NOTE 1 ACCOUNTING PRINCIPLES

Island Defender AS was founded 13.03.19 and owned one PSV, the Island Defender, which was delivered 23.08.19 to the Company and sold to external customer on 11.10.22. Vessel manager is Island Offshore Management AS.

From 28.05.20 Island Offshore XII Ship AS (organization number 994 289 764) is the parent company of Island Defender AS, however consolidated accounts are prepared by ultimate parent company Island Offshore Shipholding LP, c/o Borgstein AS, 6065 Ulsteinvik, Norway.

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

The significant principles are described below.

Classification criteria

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

Liabilities due later than one year from the end of the accounting year are classified as long term liabilities. Other debts and liabilities are classified as short term, with the exception of the first installment on secured debt which is serviced by the cash flow from fixed assets.

Valuation of current assets

Receivables are recorded net of expected future losses.

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

Fixed assets and depreciation

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

Shipbuilding contracts

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

Capitalized periodical maintenance (dry docking)

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

Island Defender AS



Notes to the financial statements 2022

Island Defender AS

Financing expenses

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

Currency

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

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

Revenue and expense recognition

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

Taxes

Deferred tax/tax asset is calculated on the basis of all differences between accounting and tax values for assets and liabilities. Deferred tax is estimated with 22% rate based on the temporary differences between tax and accounting values, as well as deferred tax loss carried forward at the end of the accounting year. In accordance with NGAAP, deferred tax/tax asset is not recorded for participation taxed companies.

Cash flow statement

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

NOTE 2 GEOGRAPHICAL SPLIT OF REVENUE

In NOK mill	2022	2021
UK	21,3	14,9
Netherlands	-	0,9
Morocco	2,9	3,8
Total Revenue	24,2	19,7

Revenue is reduced with NOK 4.5 mill due to commissions to broker of which NOK 4.1 relates to work with sale of vessel.

The vessel had 95% utilization up to the sale in October 2022 compared with 53% utilization in 2021. The vessel was in lay-up from 26.11.20 to 20.04.21 with average utilization 71% since reactivation date. The vessel has been operating in the North Sea and on Morocco sector with cargo transportation and pipe supplies.

**Notes to the financial statements 2022**

Island Defender AS

NOTE 3 SPECIFICATIONS

Other financial income comprises:

	<u>2022</u>	<u>2021</u>
Other interest receivables	34 787	672
Realized foreign currency gain	240 415	117 554
Unrealized foreign currency gain	354 726	631 374
Total other financial income	<u>629 929</u>	<u>749 600</u>

Other financial expenses comprise:

	<u>2022</u>	<u>2021</u>
Unrealized foreign currency exchange loss	3 912	1 087 036
Interest expenses bank overdraft	129 806	-
Other financial costs	194 051	2 445
Sum other financial costs	<u>327 768</u>	<u>1 089 481</u>

NOTE 4 PAYROLL, EMPLOYEES

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

Auditor

Expenses for audit fee totals NOK 68.753 in 2022. The fee is exclusive of VAT and can be specified as follows:

Audit	51.750
Advisory, work with Annual Statement, Tax filing	17.003
Total	68.753

**Notes to the financial statements 2022**

Island Defender AS

NOTE 5 FIXED ASSETS

	Ships	Capitalized maintenance	Total
Acquisition costs 1.1	207 000 000	2 125 724	209 125 724
Additions		48 851	48 851
Sale	-190 600 610	3 143 942	-187 456 668
Accumulated depreciation 31.12	-16 399 390	-5 318 517	-21 717 907
Book Value 31.12	-	-	-
This years' depreciation	4 026 576	1 497 681	5 524 257
Economic life	20 yrs	3 yrs	

The vessel was sold 11.10.22 to external customer for a sales amount of NOK 204 mill. The sale agreement had the condition that the vessel was charter free. Thus, it was agreed with the affiliated company Island Offshore VIII KS that the vessel Island Challenger as substitute vessel should take over the existing term charter with firm period to 15 February 2023. In order to compensate calculated market loss on contract, Island Offshore VIII KS received NOK 10 mill as compensation from the Company thus reducing the gain on sale of vessel correspondingly.

NOTE 6 RELATED PARTIES

Transactions with related parties:	2022	2021
Other long term receivables	190 000 000	0
Other short term receivables	1 885 682	4 400 000
Other short term liabilities	-190 000 000	-11 560 004

Other long term receivables are loan to parent company Island Offshore XII Ship AS. It is planned that the loan will be offset by group contribution reported as other short term liabilities. Other short term receivables are prepayment of operating vessel expense towards Island Offshore Management AS (Manager). Other short term liabilities in 2021 are unpaid vessel operating invoices from Island Offshore Management AS. The short term loan has been charged with interests at arm's length terms.

**Notes to the financial statements 2022**

Island Defender AS

Transactions with related parties	2022	2021
Market rate compensation substitute vessel	-10 000 000	0
Purchase of management services	-2 028 635	-2 073 993
Crew hire	-12 183 497	-9 752 938
Intercompany interests expenses	-121 317	-157 637

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

The Company paid NOK 10 mill as market rate compensation to Island Offshore VIII for the substitute vessel Island Challenger when Island Defender was sold charter free to external customer ref note 5.

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:

	2022	2021
Gains+/ losses - accounts on fixed assets	53 560 590	-
Fixed Assets	-	59 962 811
Total temporary differences	53 560 590	59 962 811
Tax loss carried forward	-84 454 568	-92 006 855
Basis for deferred tax	-30 893 978	-32 044 044
Denied internal interests expenses	-6 388 060	-6 388 060
Basis for deferred tax	-37 282 038	-38 432 104
Deferred tax in Balance Sheet	-8 202 048	-8 455 063
Tax rate	22 %	22 %

As it will take the Company some time to utilized deferred tax losses, it has been decided not to record deferred tax assets in the Balance Sheet as per 31.12.22 and 31.12.21.

**Notes to the financial statements 2022**

Island Defender AS

Calculation of this year's tax expense:

	2022	2021
Profit before tax	1 150 065	- 7 730 009
Permanent differences	-	-
Annual tax basis	1 150 065	- 7 730 009
Denied interests expenses	-	-
Use of deferred tax losses	- 7 552 286	-
Change in temporary differences	6 402 221	- 14 178 678
Tax basis	-	- 21 908 687
Tax percentage	22 %	22 %

NOTE 8 EQUITY

	Share capital	Share premium account	Other equity	Total
Equity 1.1	90 000	230 270 528	-38 432 103	191 928 425
Group contribution	-	-190 000 000	-	-190 000 000
This year's result	-	-	1 150 065	1 150 065
Equity 31.12	90 000	40 270 528	-37 282 038	3 078 490

Group contribution towards Island Offshore XII Ship AS is planned to offset long term receivables towards parent company.

NOTE 9 OWNERSHIP

The share capital of NOK 90 000 consist of 30 000 shares a NOK 3,-.

Summary of owner interests as per 31.12.20:

Shareholder	Registration		
	No.	No. of shares	in %
Island Offshore XII Ship AS	994 289 764	30 000	100 %



Notes to the financial statements 2022

Island Defender AS

NOTE 10 INFORMATION ABOUT FINANCIAL INSTRUMENTS

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

There are no forward contracts used to hedge future freight revenue as per 31.12.22.

NOTE 11 GOING CONCERN

The Company is dormant at present. The company is consolidated in the Island Offshore Group. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base for the Company to continue being a going concern.

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

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 31.12.2022.



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Ernst & Young AS

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Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Island Defender AS

Opinion

We have audited the financial statements of Island Defender AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

Responsibilities of management for the financial statements

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

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



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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Bergen, 3 May 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Independent auditor's report - Island Defender AS 2022

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Jørn Knutsen

Statsautorisert revisor

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