



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

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: 22.06.2020

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, 30.09.2021



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		33 309 403	29 378 045
Sum inntekter	2	33 309 403	29 378 045
Kostnader			
Varekostnad	6	7 088 833	4 740 508
Lønnskostnad	6	18 171 443	16 305 790
Annen driftskostnad	5,6	24 397 280	24 965 899
Sum kostnader		49 657 556	46 012 197
Driftsresultat		-16 348 153	-16 634 152
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		627 435	478 950
Annen renteinntekt		3 368	17 830
Annen finansinntekt	3	620 462	308 711
Sum finansinntekter		0	0
Rentekostnad til foretak i samme konsern		1 134 114	484 459
Annen rentekostnad		1 406	3 069
Annen finanskostnad	3	598 882	343 513
Sum finanskostnader		0	0
Netto finans		-483 138	-25 551
Ordinært resultat før skattekostnad		-16 831 291	-16 659 703
Skattekostnad på ordinært resultat	7	-3 702 884	-3 741 364
Ordinært resultat etter skattekostnad		-13 128 407	-12 918 339
Årsresultat		-13 128 407	-12 918 339
Totalresultat		-13 128 407	-12 918 339
Overføringer og disponeringer			
Utbytte		0	0



Resultatregnskap

Beløp i: NOK	Note	2019	2018
Overføringer til/fra annen egenkapital		-13 128 407	-12 918 339
Sum overføringer og disponeringer		-13 128 407	-12 918 339



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	7	11 471 914	7 769 030
Sum immaterielle eiendeler		11 471 914	7 769 030
Varige driftsmidler			
Skip, rigger, fly og lignende	4	3 574 605	1 643 516
Sum varige driftsmidler		3 574 605	1 643 516
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler		15 046 519	9 412 546
Omløpsmidler			
Varer			
Varer		353 767	357 978
Sum varer		0	0
Fordringer			
Kundefordringer		5 993 946	5 022 509
Andre fordringer	6	30 513 151	30 103 302
Sum fordringer		36 507 097	35 125 811
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		71 931	63 551
Sum bankinnskudd, kontanter og lignende		71 931	63 551
Sum omløpsmidler		36 932 794	35 547 339
SUM EIENDELER		51 979 313	44 959 885



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	9	100 800	100 800
Overkurs		380	380
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital		101 180	101 180
Opptjent egenkapital			
Annen egenkapital		-3 760 114	9 368 293
Sum opptjent egenkapital		-3 760 114	9 368 293
Sum egenkapital	8	-3 658 934	9 469 473
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		2 209 421	2 199 049
Annen kortsiktig gjeld	6	53 428 826	33 291 363
Sum kortsiktig gjeld		55 638 246	35 490 412
Sum gjeld		55 638 246	35 490 412
SUM EGENKAPITAL OG GJELD		51 979 313	44 959 885



Skattedirektoratet

Gaŕehandler Gølf Johannessen	Deres dato 16.02.2016	Vår dato 23.02.2016
Telefon 22 07 73 25/22 66 11 14	Deres referanse Tommy Walaunet	Vår referanse 2019/779184

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 8200 Grønland 0134 Oslo	Besøksadresse: Se www.skatteetaten.no Org.nr: 996260318 E-post: skatteetaten.no/sendepost	Sentralbord 800 80 000 Telefaks 22 17 08 80
--	--	--



2018/779104 Side 2 av 2

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 spekulasjonsgvinster 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
Sentorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Geir Johannessen

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



**Financial Statements
2019**

Island Offshore Ventures 4 AS



ISLAND OFFSHORE



Annual Report 2019
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. The vessels are managed by Island Offshore Management AS, and the business is operated from Ulsteinvik.

Statement on results

Revenue in 2019 totalled NOK 33.3 mill, an increase compared to last year's revenue of NOK 29.4 mill. The Company had only one vessel in operation in 2019 with 100 % utilization.

Operating profit is negative at NOK -16.3 mill in 2019 compared with NOK -16.6 mill in 2018. The vessel does not generate sufficient profit to fully cover the bareboat hire expenses from the external party. However, it is a strategic decision to keep the vessel in operation in order to minimize the loss and maintain client relationships pending improved markets state.

The net result for the year amounts to a loss of NOK -13.1 mill compared with a loss of NOK -12.9 mill in 2018. Net equity is negative with NOK -3.7 mill as per 31.12.19 compared with NOK 9.5 mill as per 31.12.18. 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 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. Negotiations with stakeholders for agreements effective post 2020 are expected to start in Q2-20.

Due to the COVID-19 pandemic in conjunction with the collapse of oil price and that the cash covenant as of 31.03.2020 is not met in one sub-group, in which a cross default will result that the Group will not be in compliance with covenants as of 31.03.2020. The Group is in dialogue with the lenders on receiving a waiver for the covenant until new terms is agreed in the above mentioned new restructuring agreement.

The high market volatility caused by the COVID-19 pandemic in conjunction with the collapse of the oil price, increases the risk regarding the going concern assumption for most companies, and this is also the case for the Company. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base to continue being a going concern.

Island Ventures 4 AS
Organization number : 997 571 290



In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption.

The basis for this assumption is the financial position of the Company and the Parent company at 31.12.2019, and the condition that a new restructuring agreement is agreed and made effective with secured and unsecured lenders before 31.12.2020.

Due to the COVID-19 pandemic, the collapse of the oil price and breach of the cash covenant for one sub-group there is uncertainty for the Company to continue as a going concern over the next 12 months.

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 interest bearing loans. The Company is exposed to market risks with respect to utilization of vessels on hire and thus the overall demand for offshore service vessels. 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 is extended to April 2021. Overall, it is emphasized that there is uncertainty with regards to the estimation of future results.

The COVID-19 pandemic is causing operational disruptions to vessel activity and increases the overall risk of activity deferrals and cancellations following a significant decline in oil demand. As a result, the oil price has dropped significantly in April 2020 causing uncertainty with regards to future activity in the oil & gas sector. Accordingly, the demand for OSV vessels has also declined across markets and there is increased risk of negative future financial implications for the Company. This could impact the long-term market outlook and future assessments of recoverable amounts of Island Offshore Group's assets.

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

Other matters

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.

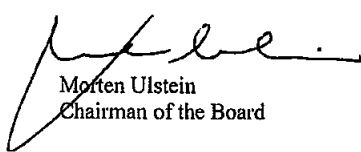


Allocation of results

The Board proposes the following allocation of the 2019 net loss of NOK -13 128 407

Transferred to other equity NOK -13 128 407

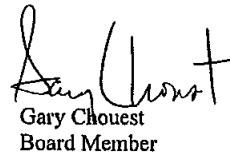
Ulsteinvik, 28 April 2020




Morten Ulstein
Chairman of the Board



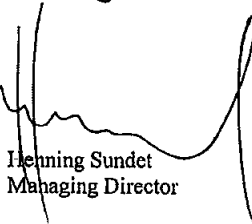
Håvard Ulstein
Board Member



Gary Chouest
Board Member



Dino Chouest
Board Member



Henning Sundet
Managing Director



Income Statement

Island Ventures 4 AS

	Note	2019	2018
Freight income		33 309 403	29 378 045
Total operating income	2	33 309 403	29 378 045
Operating expenses vessel	6	7 088 833	4 740 508
Crew expenses	6	18 171 443	16 305 790
Other operating expenses	5,6	24 015 929	24 634 178
Depreciation	4	381 351	331 721
Operating expenses		49 657 556	46 012 197
Operating profit		-16 348 153	-16 634 152
Interest Income from Group companies		627 435	478 950
Other interest income		3 368	17 830
Other financial income	3	620 462	308 711
Interest paid to Group Companies		1 134 114	484 459
Other interest expenses		1 406	3 069
Other financial expenses	3	598 882	343 513
Net financial income and expenses		-483 138	-25 551
Ordinary result before tax		-16 831 291	-16 659 703
Tax	7	-3 702 884	-3 741 364
Annual net profit		-13 128 407	-12 918 339
Distributed to loss in equity		-13 128 407	-12 918 339
Net distributed		-13 128 407	-12 918 339

Island Ventures 4 AS Org.nr. 997571290



Balance sheet

Island Ventures 4 AS

	Note	2019	2018
Assets			
Fixed assets			
Intangible fixed assets			
Deferred tax assets	7	11 471 914	7 769 030
Total intangible fixed assets		11 471 914	7 769 030
Tangible fixed assets			
Capitalized maintenance	4	3 574 605	1 643 516
Total tangible assets		3 574 605	1 643 516
Total fixed assets		15 046 519	9 412 546
Current assets			
Stock of supplies		353 767	357 978
Debtors			
Accounts receivables		5 993 946	5 022 509
Other receivables	6	30 513 151	30 103 302
Total debtors		36 507 097	35 125 811
Investments			
Cash and bank deposits		71 931	63 551
Total current assets		36 932 794	35 547 339
Total assets		51 979 313	44 959 885

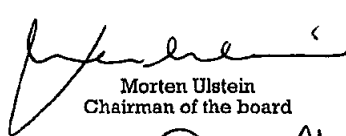


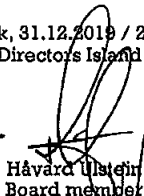
Balance sheet

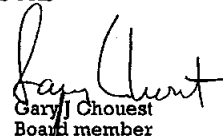
Island Ventures 4 AS


	Note	2019	2018
Liabilities and equity			
Equity			
Paid in equity			
Paid in capital	8	100 800	100 800
Share premium reserve		380	350
Total paid in equity		101 180	101 180
Other equity		-3 760 114	9 368 293
Total retained earnings		-3 760 114	9 368 293
Total equity	8	-3 658 934	9 469 473
Liabilities			
Current liabilities			
Trade creditors		2 209 421	2 199 049
Other short term liabilities	6	53 428 826	33 291 363
Total current liabilities		55 638 247	35 490 412
Total liabilities		55 638 247	35 490 412
Total equity and liabilities		51 979 313	44 959 885

Ulsteinvik, 31.12.2019 / 28.04.2020
The Board of Directors Island Ventures 4 AS


Morten Ulstein
Chairman of the board


Håvard Ulstein
Board member


Gary J Chouest
Board member


Dino David Chouest
Board member


Henning Sundet
Managing Director

Island Ventures 4 AS Org.nr. 997571290

**Cash Flow Statement**

Island Ventures 4 AS

	2019	2018
<i>Cash flow from operational activities:</i>		
Profit before tax	-16 831 291	-16 659 703
-/+ Taxes paid- / Norwegian tax credit+	0	323 643
+ Depreciation	381 351	331 721
-/+ Change in inventory	4 211	53 302
-/+ Change in accounts receivable	-971 437	291 971
+/- Change in accounts payable	10 372	257 516
+/- Change in accruals	19 727 614	15 925 233
= Cash flow from operational activities	2 320 820	523 683
<i>Cash flow from investment activities</i>		
- Payments purchase of fixed assets	-2 312 440	-537 777
= Cash flow from investment activities	-2 312 440	-537 777
<i>Cash flow from financing activities</i>		
= Net cash flow from financing activities	0	0
= <i>Net change in cash and cash equivalents</i>	8 380	-14 094
+ <i>Cash reserve 1.1</i>	63 551	77 645
= <i>Cash reserve 31.12</i>	71 931	63 551



Notes to the financial statements 2019

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.

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



Notes to the financial statements 2019

Island Ventures 4 AS

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 2019 and 2018. Island Champion is rented on bareboat contract from an external party. The vessel had 100 % utilization during bareboat hire period both in 2019 and 2018.

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>2019</u>	<u>2018</u>
Realized currency gain	653 029	181 225
Hedging gain+/loss- on foreign currency	-32 567	127 486
Other financial income	<u>620 462</u>	<u>308 711</u>

Other financial expenses comprise:

	<u>2019</u>	<u>2018</u>
Realized Currency loss	598 882	343 513
Other financial costs	<u>598 882</u>	<u>343 513</u>

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 31.12.19.

**Notes to the financial statements 2019**

Island Ventures 4 AS

NOTE 4 FIXED ASSETS

In NOK	Periodic maintenance	Total
Acquisition cost 1.1	2 196 385	2 196 385
Additions	2 312 440	2 312 440
Disposals at costs		-
Acc. Depreciation 31.12	-934 220	-934 220
Book value 31.12	3 574 605	3 574 605
Annual depreciation	381 351	381 351
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. Additions in 2019 are mainly related to a main engine overhaul. 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 24.805,- excluding VAT in 2019.

NOTE 6 RELATED PARTIES

Transactions with related parties:	2019	2018
Other short term receivables Island Offshore Shipholding, L.P.	25 335 294	24 228 909
Other short term receivables Island Offshore Management AS	4 200 000	4 200 000
Other short term liabilities Island Offshore Management AS	-52 756 109	-32 120 190
Other short term liabilities Borgstein AS	-258 455	-258 455

Short term receivables are mainly connected to prepayments as per 31.12.19 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 2019**

Island Ventures 4 AS

Transactions with related parties	2019	2018
Purchase of management services	1 997 084	1 923 837
Crew hire	18 171 443	16 305 790

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:

	2019	2018
Total temporary differences	-	-
Tax loss carried forward	-52 145 070	-35 313 779
Basis for deferred tax	-52 145 070	-35 313 779
Deferred tax	-11 471 914	-7 769 031
Deferred tax rate	22 %	22 %

Calculation of this years tax expense:

	2019	2018
Profit before tax	-16 831 291	-16 659 703
Permanent differences	-	264 663
Annual tax basis	-16 831 291	-16 395 040
Change in temporary differences	-	-
Use of tax loss carried forward	-	-
Basis for tax payable	-16 831 291	-16 395 040
Tax percentage	22 %	23 %
Credit taxes refunded	-	-323 643
Changes deferred tax asset	-3 702 884	-3 417 721
Tax expense	-3 702 884	-3 741 364

**Notes to the financial statements 2019**

Island Ventures 4 AS

NOTE 8 EQUITY

	Paid in Capital	Share premium reserve	Other Equity	Total
Equity as per 01.01	100 800	380	9 368 293	9 469 473
<i>This year change in equity:</i>				
Profit+ / Loss - for the year	-	-	-13 128 407	-13 128 407
Equity as per 31.12.	100 800	380	-3 760 114	-3 658 934

NOTE 9 OWNERSHIP

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

Owners at 31.12:

Shareholders	Number of shares	Ownershare
Island Offshore UK Limited	2 400	100 %
Total number of shares	2 400	100 %

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.

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 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. Negotiations with stakeholders for agreements effective post 2020 are expected to start in Q2-20.

Due to the COVID-19 pandemic in conjunction with the collapse of oil price and that the cash covenant as of 31.03.2020 is not met in one sub-group, in which a cross default will result that the Group will not be in compliance with covenants as of 31.03.2020. The Group is in dialogue with the lenders on receiving a waiver for the covenant until new terms is agreed in the above mentioned new restructuring agreement.



Notes to the financial statements 2019

Island Ventures 4 AS

The high market volatility caused by the COVID-19 pandemic in conjunction with the collapse of the oil price, increases the risk regarding the going concern assumption for most companies, and this is also the case for the Company. The assessment is that the Island Offshore Group has the resources, organization, competence, assets and customer base to continue being a going concern.

In accordance with the Norwegian Accounting Act § 3-3a the Board of Directors thus confirms that the financial statements are prepared on the basis of a going concern assumption.

The basis for this assumption is the financial position of the Company and the Parent company at 31.12.2019, and the condition that a new restructuring agreement is agreed and made effective with secured and unsecured lenders before 31.12.2020.

Due to the COVID-19 pandemic, the collapse of the oil price and breach of the cash covenant for one sub-group there is uncertainty for the Company to continue as a going concern over the next 12 months.

NOTE 11 SUBSEQUENT EVENTS

The COVID-19 pandemic is causing operational disruptions to vessel activity and increases the overall risk of activity deferrals and cancellations following a significant decline in oil demand. As a result, the oil price has dropped significantly in April 2020 causing uncertainty with regards to future activity in the oil & gas sector. Accordingly, the demand for OSV vessels has also declined across markets and there is increased risk of negative future financial implications for the Company. This could impact the long-term market outlook and future assessments of recoverable amounts of Island Offshore Group's assets.

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



Building a better
working world

Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, NO-5006 Bergen
Postboks 6163, NO-5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA
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 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 2019, 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 2019 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.

Material uncertainty related to going concern

We draw attention to note 10 and note 11 in the financial statements and the Board of Director's report, which describes that the Company and Group is dependent on an agreement with its creditors for an acceptable and sustainable restructuring to continue as going concern. These events or conditions, along with other matters as set forth in note 10, note 11 and the Board of Director's report, indicate that a material uncertainty exists that may cast significant doubt on the Company's and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The financial statements do not reflect impairment charges or provisions that might be required if the Company or Group was liquidated or the assets sold in a distressed situation

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 and Chief Executive Officer (management) are 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 on the other information obtained prior to the date of the auditor's report, 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

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: UME6F-LE050-35ZD4-QJMW0-SB1M6-6ZPFV



Building a better
working world

accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report - Island Ventures 4 AS

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: UME6F-LEDS-35ZD4-QIMW0-SB1M6-BZPFW



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, 30 April 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: UME6F-LE050-35ZD4-QIMM0-SR1MG-BZPFW



PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™" - sikker digital signatur".
De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Jørn Knutsen

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5992-4-3012515

IP: 84.214.xxx.xxx

2020-04-30 13:30:07Z



Penneo Dokumentnøkkel: UNME6F-LEDSO-35ZDf-QIMW0-SBT1MG-BZPFW

Dokumentet er signert digitalt, med **Penneo.com**. Alle digitale signatur-data i dokumentet er sikret og validert av den datamaskin-utregnede hash-verdien av det opprinnelige dokument. Dokumentet er låst og tids-stemplet med et sertifikat fra en betrodd tredjepart. All kryptografisk bevis er integrert i denne PDF, for fremtidig validering (hvis nødvendig).

Hvordan bekrefter at dette dokumentet er originalen?

Dokumentet er beskyttet av ett Adobe CDS sertifikat. Når du åpner dokumentet i

Adobe Reader, skal du kunne se at dokumentet er sertifisert av **Penneo e-signature service** <penneo@penneo.com>. Dette garanterer at innholdet i dokumentet ikke har blitt endret.

Det er lett å kontrollere de kryptografiske beviser som er lokalisert inne i dokumentet, med Penneo validator - <https://penneo.com/validate>