

Annual Report and Accounts

2017

SG Bidco AS

(Organization no.: 914 837 685)

(All numbers in NOK 1000)

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DIRECTORS REPORT 2017

SG BIDCO AS

Nature of Business and Business Location

SG Bidco AS was established in January 2015. The objective of the Company is to own shares in subsidiaries and to make investments, direct or indirect, in businesses operating within training and evaluation of maritime and other personnel and similar businesses, and hold shares in businesses with similar operations.

The establishment of the Company is a direct consequence of the fact that Herkules Private Equity Fund IV, AlInvest and the Management of the Seagull operation have acquired all the shares in Eagle Holdco AS including subsidiaries. The shares have been acquired via SG Holdco AS (ultimate Holding Company), SG Midco AS (Holding Company) and SG Bidco AS. The Company is located in Horten.

The fully owned subsidiary Seagull Maritime AS manufacture and sell systems for training and evaluation of seafarers based on a distribution agreement with its holding company Seagull AS. In addition, Seagull Maritime AS holds subsidiaries in Singapore (Seagull Maritime Information Technology Pte Ltd), Newcastle Upon Tyne, UK (Seagull Maritime Information Technology Ltd), Germany (Seagull Maritime Information Techn. Gmbh), Tokyo, Japan (Seagull KK), Hong Kong (Seagull Maritime Information Technology Ltd) and branch offices in Piraeus, Greece and Gdynia, Poland.

The fully owned subsidiary Seagull Oil & Gas AS manufacture and sell systems for training and evaluation of personnel, mainly within the Oil & Gas sector. In addition, Seagull Oil & Gas is the sole holder of the shares in Extek AS, located at Bryne, Norway.

The Group`s deliveries to customers are mainly done by Seagull Maritime AS in Horten, but increasingly also done by the subsidiary in Singapore. Seagull AS outsources all development of technology and content to the subsidiaries Seagull Maritime AS and Seagull Oil & Gas AS. To perform this operation, Seagull Maritime AS and Seagull Oil & Gas do in addition to own operating activities, outsource a significant load of research- and development work to their partner Green-Jakobsen, Manila, Philippines.

Despite the turbulent market conditions the last few years, the Group has experienced a positive development, confirmed by the growth in operating revenues.

Customers have to some extent cancelled contracts or parts of contracts due to ships going out of operation, but the growth in sales to new customers and additional sales to existing customers have more than compensated for this.

Resulting from the fact that a significant part of the Group`s operating revenues are denominated in USD, the Group is exposed to currency fluctuations accordingly.

In order to eliminate as much as possible of this risk, the Group has established a hedging strategy securing the bulk of its USD cash flow by selling USD forward.

Going Concern

In compliance with Section 3-3a of the Norwegian Accounting Act, it is hereby confirmed that the going concern assumptions continue to apply.

The Group has during 2017 invested heavily in further development of the Training Library and the Software Systems for training administration and evaluation of seafarers.

The Group is in a healthy economic and financial position.

Future Development

The market conditions within the shipping industry give indications of some improvements towards the end of the year, but some shipping segments do still experience poor rates and are still struggling with profitability.

Despite this fact, the Group`s growth in order intake has continued during 2017.

The main reason for this is that the Group`s products represent a cost effective training solution for seafarers compared to traditional training. In addition we see positive effects related to the fact that sales resources recruited the last couple of years to strengthen the sales team, start producing better results as they have been better incorporated into their respective markets.

In total, the BoD expects the Group to follow on a continued upward trend in the years to come.

Comments to the Financial Statements

The Group`s operating revenues in 2017 were KNOK 202 428 versus KNOK 199 695 in 2016. Operating profit in the same period ended at KNOK 11 185 compared to KNOK 4 548 in 2016. Net profit was KNOK 19 112 versus KNOK 1 371 in 2016.

Operating profit in SG Bidco AS was negative with KNOK -62 479 compared to KNOK 62 417 negative in 2016.

The losses in the Holding Company is to a large extent caused by amortization of intangibles and unrealized currency losses related to the long term bank loans denominated in USD.

The Group`s net cash flow from operations ended at KNOK 58 110 in 2017 compared to KNOK 43 390 the year before.

Cash and equivalents at year end 2017 were KNOK 14 127. The Group`s financial position by year end, and its ability to fund the operation going forward, is good.

Total assets in the Group was KNOK 1 026 419 versus KNOK 1 023 282 by the end of 2016.

The equity ratio per 31.12.2017 was 47.8% compared to 46.0% in 2016.

It is the BoD`s opinion that the Annual Financial Statements for the Parent Company and the Group have been prepared in accordance with applicable accounting standards, and that the information presented gives a true picture of the assets, liabilities, financial position and overall results as of December 31st 2017.

Financial Risk and Risk management

The Group is exposed to financial risk in various areas, especially risk related to currency fluctuations due to the fact that more than 80% of the Group`s revenue is denominated in USD. The BoD is keen to minimize this risk as much as possible and has therefore changed the strategy and extended the use of hedging contracts.

A considerable part of the forecasted net USD cash flow for the period 2018 to 2020 is based on this policy secured through these USD forward sale contracts.

Credit Risk

Historically, the Group has had minor losses on receivables caused by customer`s lack of ability to fulfill their payment obligations.

The Group`s total Accounts Receivable ended at KNOK 75 028 at year end 2017.

Caused by the Group`s increasing market shares and revenue, it is likely that the exposure against customers in parts of the world where the credit risk statistically is higher, will increase as well.

The BoD and Group Management is monitoring this closely on a continuing basis.

The subsidiary Seagull Maritime AS has not entered into any agreement with counterclaims or any other financial instruments to minimize the credit risk.

Liquidity Risk.

The Group holds considerable amounts of cash and equivalents. Resulting from this, the liquidity risk is deemed to be low.

Payment terms on customer contracts remains unchanged.

Management do on a continuing basis focus on improvement of supplier contracts to improve prices and payment terms.

Market risk

See note 17 in the Annual Accounts.

Staff and Working Environment

SG Bidco AS had zero employees during and at the end of 2017.

The Group employed 136 staff by year end, of which 41 were females.

Staff and Working Environment

SG Bidco AS had zero employees during and at the end of 2017.

The Group employed 136 staff by year end, of which 41 were females.

Gender Equality

The Group considers it important to promote gender equality and prevent discrimination in conflict with the Gender Equality Act.

Discrimination

The Group considers it important to promote policies to prevent discrimination caused by ethnicity, national origin, skin color, language, religion, life stance or diminished functional abilities.

External Environment

The Group's activities do not cause any pollution or emissions that harm the external environment.

One of the main purposes of the subsidiary Seagull Maritime AS' training products is to minimize the risk of pollution at sea through training of ship's crew.

Profit for the Year and Allocations

The BoD proposes the following allocation of profits for the year in SG Bidco AS:

To other equity: KNOK 508

Horten, 26.04.2018



Sverre Morten Blix
Chairman



Oscar Leander Johansen
Board Member



Gaute Gillebo
Board Member

PROFIT AND LOSS STATEMENT

SG BIDCO AS

Holding Company				Consolidated Group	
01.01 - 31.12.17	01.01 - 31.12.16	Operating Income and Expenses	Note	01.01 - 31.12.17	01.01 - 31.12.16
0	0	Operating Revenue	13	202 428	199 695
0	0	Total Operating Income		202 428	199 695
0	0	Cost of Sales		4 879	3 445
0	0	Payroll and Related Expenses	11,14	73 983	79 722
62 017	62 017	Depreciation and Amortization	1,2	75 189	74 151
462	400	Other Operating Expenses	2,14,15	37 193	37 828
62 479	62 417	Operating Expenses total		191 244	195 147
-62 479	-62 417	Operating Profit		11 185	4 548
		Financial Income and Expenses			
85 958	5 481	Financial Income	16	47 121	30 855
23 953	14 966	Financial Expenses	16	34 966	35 604
62 005	-9 484	Net Financial Items		12 155	-4 749
-474	-71 901	Pretax Profit/ (Loss)		23 340	-201
-982	-18 512	Income Tax Expense	12	4 227	-1 572
508	-53 390	Net Profit / (Loss)	9	19 112	1 371
		ALLOCATION OF NET PROFIT			
508	0	Allocated to Other Equity			
0	-53 390	Covered by Share Premium Reserves			
508	-53 390	Total Allocations			

BALANCE SHEET

SG BIDCO AS

Holding Company		ASSETS		Note	Consolidated Group	
2017	2016				2017	2016
		Fixed Assets				
		Intangible Assets				
212 469	229 523	Goodwill	1		214 575	231 835
444 593	480 279	Customer Relations	1		444 593	480 279
115 569	124 846	Technology & Software	1		124 939	131 800
<u>772 631</u>	<u>834 648</u>	Intangible Assets total			<u>784 107</u>	<u>843 913</u>
		Tangible Assets				
<u>0</u>	<u>0</u>	Equipment and Furniture	2		20 239	17 518
<u>0</u>	<u>0</u>	Tangible Assets total			<u>20 239</u>	<u>17 518</u>
		Financial Assets				
376 352	376 352	Shares in Subsidiaries	3		0	0
111 492	61 135	Intragroup Loans	6		111 492	61 135
0	0	Other Shares			2 495	1 595
6 851	7 463	Other Long Term receivables	5		7 811	8 119
<u>494 695</u>	<u>444 950</u>	Financial Assets total			<u>121 798</u>	<u>70 849</u>
<u>1 267 326</u>	<u>1 279 598</u>	Total Non-Current Assets			<u>926 144</u>	<u>932 280</u>
		Current Assets				
0	0	Inventories	4		1 266	944
		Receivables				
0	0	Accounts Receivable	5		75 028	76 275
139	472	Other Receivables			9 855	5 678
0	0	Intragroup Receivables	6		0	0
<u>139</u>	<u>472</u>	Receivables total			<u>84 883</u>	<u>81 952</u>
212	29	Cash and Equivalents	8		14 127	8 106
<u>351</u>	<u>501</u>	Current Assets total			<u>100 276</u>	<u>91 002</u>
<u>1 267 677</u>	<u>1 280 099</u>	Total Assets			<u>1 026 419</u>	<u>1 023 282</u>

BALANCE SHEET

SG BIDCO AS

Holding Company		Consolidated Group			
2017	2016	EQUITY AND LIABILITIES	Note	2017	2016
52 036	52 036	Paid-in Equity			
468 324	468 324	Share Capital	9,10	52 036	52 036
-38	-38	Share Premium Reserve	9	418 225	418 225
<u>520 322</u>	<u>520 322</u>	Other Paid-in Equity	9	-38	-38
		Paid-in Equity total		<u>470 223</u>	<u>470 222</u>
		Retained Earnings			
263 255	262 748	Other Equity	9	20 114	438
<u>263 255</u>	<u>262 748</u>	Retained Earnings total		<u>20 114</u>	<u>438</u>
		Equity total		<u>490 337</u>	<u>470 660</u>
		Liabilities			
		Long Term Provisions			
114 103	115 197	Deferred Tax	12	111 289	107 393
<u>114 103</u>	<u>115 197</u>	Long Term Provisions total		<u>111 289</u>	<u>107 393</u>
		Other Long Term Liabilities			
0	0	Other Long Term debt	5	251	210
70 565	81 167	Intragroup Debt	6	0	0
294 301	296 003	Bank Loans	5	294 301	296 003
<u>364 866</u>	<u>377 170</u>	Other Long Term Liabilities total		<u>294 552</u>	<u>296 213</u>
		Short Term Liabilities			
0	0	Accounts Payable		3 288	4 869
112	0	Income Tax Payable	12	273	171
0	0	Public Duties Payable		4 740	4 217
0	0	Intragroup Debt	6	0	0
5 018	4 662	Other Short Term Debt	7	121 939	139 759
<u>5 130</u>	<u>4 662</u>	Short Term Liabilities total		<u>130 240</u>	<u>149 015</u>
		Liabilities total		<u>536 082</u>	<u>552 622</u>
<u>484 099</u>	<u>497 029</u>	Equity and Liabilities total		<u>1 026 419</u>	<u>1 023 282</u>
1 267 677	1 280 099				

Board of Directors of SG Bidco AS
Horten, 26.04.2018


Sverre Morten Blå
Chairman


Oscar Leander Johansen
Board Member


Gaute Gillebo
Board Member

CASHFLOW STATEMENT
SG Bidco AS

Holding Company			Consolidated Group	
2017	2016		2017	2016
		Cashflow from Operating Activities		
-474	-71 901	Profit before Income Taxes	23 340	-201
0	0	Taxes paid in the period	-229	0
62 017	62 017	Depreciaton	75 188	74 149
0	0	Changes in Inventory	-322	-665
0	0	Changes in Accounts Receivable	1 247	2 383
0	0	Changes in Accounts Payable	-1 581	2 266
-62 494	1 449	Changes in Other Receivables, Payables and Accruals	-23 396	-27 321
-16 137	-7 221	FX effects	-16 137	-7 221
-17 088	-15 656	Net Cashflow from Operating Activities	58 110	43 390
		Cashflow from Investing Activities		
0	0	Purchase of Fixed Assets	-12 825	-12 062
0	0	Acquisition of Intangibles (Net after Deferred Tax)	-5 278	-4 205
0	-528	Acquisition of Shares	-900	0
0	-528	Net Cashflow from Investing Activities	-19 003	-16 267
		Cashflow from Financing Activities		
0	56 231	Intragroup Payments Received	0	0
0	-60 795	Intragroup Payments made	-50 357	-60 795
28 345	32 529	Proceeds from other Loans (Long- & Short Term)	28 345	32 575
-11 074	-14 959	Repayment of Interest Bearing Loans	-11 074	-14 959
17 271	13 006	Net Cashflow from Financing Activities	-33 086	-43 179
183	-3 178	NET CASHFLOW FOR THE PERIOD	6 021	-16 056
0	0	Effekt av valutakursendringer på kontanter og kontantekvivalenter	0	0
29	3 207	Cash and Equivalents Year Start	8 106	24 162
212	29	Cash and Equivalents Year End	14 127	8 106
		Consisting of:		
212	29	Bank Deposits	14 127	8 106
0	0	Unused Credit Facilities	16 000	18 000

Accounting Policies

The Annual Accounts have been prepared in accordance with the Norwegian Generally Accepted Accounting principles.

Use of estimates

The preparation of the accounts are in accordance with the Norwegian Accounting Acts regulations regarding use of estimates. In addition, the accounting principles requires Management to exercise judgements. The areas where significant judgements and estimates have been made are disclosed in the note specifications.

Shares in Subsidiaries and Associated Companies

Subsidiaries are defined as companies where the Holding Company has control, and by that controlling influence on the entity's financial and operational strategy, normally by holding more than 50% of the voting rights. Investments where the Holding Company controls 20-50% of the shares and have considerable influence are defined as associated companies.

List of Group Companies at 31.12.2017:***Parent and Subsidiaries:***

SG Bidco AS (Parent)

Seagull AS (Subsidiary)

Seagull Maritime AS (Subsidiary of Seagull AS)

Seagull Oil & Gas AS (Subsidiary of Seagull AS)

Seagull Maritime Information Technology Pte Ltd; "Seagull Singapore" (Subsidiary of Seagull Maritime AS)

Seagull Maritime Information Technology Ltd; "Seagull UK" (Subsidiary of Seagull Maritime AS)

Seagull KK; "Seagull Japan" (Subsidiary of Seagull Maritime AS)

Seagull Maritime Information Technology GmbH; "Seagull Germany" (Subsidiary of Seagull Maritime AS)

Extek AS (Subsidiary of Seagull Oil & Gas AS)

The shares in Extek AS were acquired on August 22nd 2015.

Accounting Principles for Shares in Subsidiaries and Associated Companies

Subsidiaries and Associated Companies are measured at their fair value at the date of the acquisition in the Holding Company's accounts. The fair value is adjusted when funds are added through capital increases, or when Group contributions are given. Distributions to the Holding Company, like for instance Dividends, are booked in the P&L. Distributions that exceed retained earnings post acquisition are booked as reduction of the book value of the shares. Dividend and Group Contribution from subsidiaries are accounted for in the same year as it is recognized in the subsidiary. Dividend from others is booked among financial items when adopted.

In the Group accounts, the equity method is used for investments in associated companies. Use of this method means that the book value in the balance sheet equals the relevant share of the equity in the associated company, adjusted for any remaining excess values from the acquisition and unrealized intragroup profits.

The profit share in the P&L is calculated on basis of the share of the profit after tax in the associated company, adjusted for any depreciation of excess values or unrealized profits. Any profit share from associated companies are included as financial items in the P&L.

Consolidation Principles

Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

In the Group accounts book value of shares in subsidiaries are replaced by the subsidiary's assets and liabilities. The Group accounts are prepared and presented as if the Group was one entity. All intragroup transactions, unrealised intragroup profits and intragroup receivables and payables are eliminated.

Subsidiaries acquired are accounted for based on the Parent's acquisition cost. Acquisition cost is assigned to identifiable assets and liabilities which are accounted for in the Group accounts at fair value at the date of the acquisition. Added value that cannot be allocated to identified assets or liabilities are recognized as goodwill. Goodwill is treated as a residual and is capitalised in the balance sheet based on the value observed when the transaction took place. Added values in the Group accounts are depreciated over the expected lifetime of the acquired assets.

Assets and liabilities in foreign operations are translated into NOK at the rate of exchange prevailing on the balance sheet date. Revenues and expenses in foreign currencies are translated at the average currency rate for the year. Any significant transaction in foreign currency is translated into NOK at the rate on the transaction date. Foreign currency translation differences are booked direct against Group equity.

Revenue Recognition principles

Revenues from sales of goods and services are recognized at the fair value of the contract, adjusted for VAT, returns and discounts. Revenue from sale of goods is recognized when goods are delivered to the customer and all contractual obligations have been fulfilled. Delivery is regarded complete when goods are shipped to the customer's address and the risk for loss or obsolescence is transferred to the customer. Provision for volume discounts and returns are made based on previous experience. Warranty provisions are expensed and booked against liability provisions.

Revenue for services provided are recognized incrementally as the service is performed.

Classification of Balance Sheet Items

Assets related to normal operating cycles for goods and services as well as assets falling due within 12 months are classified as current assets, other assets are classified as non-current. Correspondingly, liabilities related to normal operating cycles for goods and services or that are due within 12 months are classified as current liabilities. Other liabilities are classified as non-current. Installments related to long-term receivables and debt that fall due next 12 months are nevertheless classified as non-current.

Acquisition Cost

Acquisition cost for assets is calculated based on the purchase price for the asset, adjusted for any bonuses and discounts. Other purchase cost like freight, customs, non-refundable taxes etc are added to the acquisition cost. Purchases in foreign currencies are accounted for based on the FX-rate at the transaction date or at the hedging rate when forward contracts are being used.

Acquisition cost for fixed assets is the purchase price adjusted for expenses directly related to make the asset ready for use, like for instance expenses related to test of the asset.

Intangible Assets and Goodwill

The difference between the acquisition cost by purchase and fair value of the identified asset is classified as goodwill, and depreciated over the expected lifetime of the asset.

Expenses related to research and development activities are capitalized if the product or process is technically and commercially feasible, and the Group has adequate resources to complete the development. In all other cases, research and development work is expensed on a continuous basis. Capitalized R&D is depreciated linearly over its expected lifetime.

Fixed Assets

Other fixed assets are capitalized and depreciated linearly over the expected lifetime of the asset. Maintenance of fixed assets is expensed on a continuous basis. Expenses that are expected to generate future economic benefits from the assets are recognized in the balance sheet and depreciated in line with the asset.

Leased equipment is capitalized in the balance sheet as fixed assets if the lease agreement is regarded a financial lease.

Other Long Term Share Investments

Investments in other shares are capitalized at their cost. Profit distributions or dividends are normally booked as financial income when the distribution is adopted. If the profit distribution significantly exceeds the Group's share of retained earnings post acquisition, the excess value is booked as a reduction in the acquisition cost of the shares.

Impairment of Fixed Assets

If there are indications that the carrying amount of an asset is lower than its book value, recoverable amounts are calculated. The test is carried out for the smallest identifiable group of assets that generate cash inflows. If the balance sheet value exceeds both sales value and recoverable value, the book value is reduced to the higher of sales- and recoverable value. Previous impairment losses are, except for goodwill, reversed limited to the carrying value the asset would have had after depreciation or amortization.

Inventories

Inventories are valued to the lowest of acquisition cost and net selling price. Net selling price is estimated selling price in the ordinary course of business adjusted for estimated cost of completion, marketing and distribution. Only indirect cost is regarded required to sell finished goods. For work in progress, direct manufacturing cost is added as well.

Receivables

Accounts Receivables are measured at their nominal value, adjusted for potential losses. Provisions for losses are made based on an individual assessment of the receivable and an additional provision to cover other foreseeable losses. Financial challenges among customers, risk of bankruptcy and delays with payments are regarded indicators of need for write-off.

Other receivables, both short- and long term, are accounted for at the lowest of face value and fair value. Fair value is calculated as the net present value of future cash-flows. This is not done when the effect on the accounts is regarded as immaterial. Provision for losses are calculated based on the same principles as for accounts receivable.

Foreign Currencies

Receivables and debt in foreign currencies are, if not hedged, booked in the balance sheet at the exchange rate at year end. Currency gains- and losses from sales and purchase of goods in foreign currencies are accounted for as revenue and cost of goods.

Hedging Contracts

The Group has a policy to limit currency risks through hedging of parts of projected future cash-flows in foreign currencies (cash-flow hedging). In the accounts, the contracts are regarded hedging instruments and value changes are continuously accounted for in the P&L.

Liabilities

Liabilities, with the exception for some provisions, are booked at nominal value.

Pensions

The Group has a defined contribution scheme plan, deposits are made with an insurance company. The Group has no additional payment obligations after the deposits have been made. Contributions are recognized as expenses when they occur. Any prepaid deposits are booked in the balance sheet as assets (pension funds) to the extent that they can be refunded or be deducted from future contributions.

Taxes

Income tax expense in the financial statements includes tax payable and changes in deferred taxes in the period. Deferred tax is calculated based on temporary differences between between the accounting- and tax value of assets and liabilities and any tax forwardable deficits by year end. Tax-increasing temporary differences adjusted for deductible temporary tax-reducing temporary differences that reverse or can be reversed in the same period are offset. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differeneeces can be utilised. Deferred tax and tax advantage that can be capitalized are offset in the balance sheet.

Tax reductions from group contributions and tax from group contributions received that are booked as a reduction in capitalized value of the shares in the subsidiary, are booked directly against tax provisons in the balance sheet (against tax payable if the group contribution affects payable tax, and against deferred tax if the group contribution affects deferred taxes). Deferred taxes are booked at nominal value both in the Holding Company and the Group accounts.

Cash-flow statement

The cash-flow statement is prepared based on the indirect method. Cash and equivalentents comprise cash, bank deposits and other short-term deposits that immediately and with immaterial currency risk,can be converted into a given sum of money, with a maturity of three months or less.

Mergers

To achieve a more rational organization of the Group, it has been decided with effect from June 17th 2015, to merge the wholly owned subsidiary Eagle Holdco AS with the holding company SG Bidco AS as acquiring company. From an accounting perspective this was done in line with the group continuity regulations. The value of assets and liabilities from Eagle Holdco AS are booked with the same amount in the acquiring company with the same value as in the Group accounts.

Note 1 Intangible Assets and Goodwill

Holding Company		Software	Customer Relations	Goodwill	Total
Purchase cost 1.1.		139 147	535 296	255 816	930 259
Additions		0	0	0	0
Disposals		0	0	0	0
Balance at December 31st:		139 147	535 296	255 816	930 259
Accumulated amortisations December 31st:		23 577	90 702	43 346	157 626
Net book value at December 31st:		115 570	444 593	212 469	772 631
This years amortisations		9 276	35 686	17 054	62 017
Expected lifetime		15 yrs	15 yrs	15 yrs	
Depreciation method		Straight line	Straight line	Straight line	
Group	R&D	Software	Customer Relations	Goodwill	Total
Cost	4 721	143 986	535 296	258 402	942 405
Additions	5 278	0	0	0	5 278
Disposals	0	0	0	0	0
Balance at December 31st:	9 999	143 986	535 296	258 402	947 683
Acc.amortisations December 31st:	2 578	26 466	90 702	43 825	163 571
Net book value at December 31st:	7 420	117 519	444 593	214 575	784 107
This years amortisations	1 682	10 456	35 686	17 260	65 085
Expected lifetime	15 yrs	15 yrs	15 yrs	15 yrs	
Depreciation method	Straight line	Straight line	Straight line	Straight line	

Goodwill from acquisitions amortised over more than 5 years: Eagle Holdco Group

Depreciation plan over more than 5 years is justified by the fact that the expected lifetime of identified intangibles are 15 years. Goodwill is mainly resulting from the residual of deferred tax liabilities related to the identified intangibles.

Note 2 Fixed Assets

Group

	Equipment, fixtures and fittings	Total
Cost as at Jan 1st:	32 772	32 772
Additions	12 825	12 825
Disposals	0	0
Cost as at December 31st:	45 597	45 597
Accumulated depreciation December 31st:	25 357	25 357
Net book value at December 31st:	20 239	20 239
This years depreciation	10 103	10 103
Expected lifetime	3-5 yrs	
Depreciation method	Straight line	

Annual lease of non capitalized assets:

Assets	Annual cost
Machines and Software	225
Buildings	4 983

Note 3 Subsidiaries and Associated Companies

Holding Company

Investments in subsidiaries, associated companies and joint arrangements are capitalized at cost.

Subsidiary	Office Address	Share	Equity last year (100 %)	Profit/loss last year (100 %)	Book value
Seagull AS	Horten	100 %	68 154	47 991	376 352
Book value at Dec 31st					376 352

Note 4 Inventories

Holding Company			Group	
2017	2016		2017	2016
0	0	Purchased Goods	1 266	944
0	0	Total	1 266	944
0	0	Finished goods at acquisition cost	1 266	944
0	0	Total	1 266	944

Note 5 Receivables and Debt

Holding Company			Group	
2017	2016	Receivables	2017	2016
0	0	Accounts receivable at book value	75 872	77 160
0	0	Provison for bad debt	-844	-885
0	0	Accounts receivable, net	75 028	76 275

Holding Company			Group	
2017	2016	Non current receivables	2017	2016
0	0	Other long term receivables	960	656
6 851	7 463	Capitalized financing fees	6 851	7 463
6 851	7 463	Total	7 811	8 119

			Group	
2017	2016	Long Term Loans falling due later than 5 years	2017	2016
0	0	Bank loans	0	0
0	0	Sum	0	0

2017	2016		2017	2016
294 301	296 003	Liabilities secured by mortgages	294 301	296 003

			Group	
2017	2016	Book value of pledged Assets	2017	2016
376 352	376 352	Shares	0	0
0	0	Fixed Assets (Up to KUSD 51 600)	20 239	17 518
0	0	Inventories (Up to KUSD 51 600)	1 266	944
0	0	Accounts Receivable (Up to KUSD 51 600)	75 028	76 275
376 352	376 352	Sum	96 533	94 737

The company has a Guarantor declaration with solidarity responsibility at face value KUSD 51.600.

The Gurantor declaration is issued as security with fixed assets, inventories and receivables as collaterals.

The Company has solidary responsibilites together with Seagull Maritime AS, Seagull Oil & Gas AS og Seagull Maritime Information Technology Pte Ltd.

Note 6 Intragroup Receivables and Payables

Holding Company

	Other Receivables	
	2017	2016
SG Holdco AS (Short term)	0	0
SG Midco AS (Long Term)	111 492	61 135
Total	111 492	61 135

	Long Term Debt		Short Term Debt	
	2017	2016	2017	2016
Seagull AS	70 565	81 167	0	0
Total	70 565	81 167	0	0

Group

	Other Receivables	
	2017	2016
SG Midco AS (Long Term)	111 492	61 135
Total	111 492	61 135

	Accounts Payable	
	2017	2016
Green-Jacobsen AS	214	200
Total	214	200

Note 7 Currency Hedging

Group

	2017	2016
Cashflow Hedges	301 211	256 139
Fair Value total	301 211	256 139
Unrealized gain/(loss) at 31.12	4 470	-14 422

See note 16 for specification of gains and losses from realised and unrealised hedging contracts at 31.12.

Unrealized and realized gains (+) and losses (-) related to the hedging portfolio:

	2017	2016
Realized gains (+) / losses (-)	-14 345	-5 761
Unrealized gains (+) / losses (-)	19 344	18 891
Net gain (+) / loss (-)	4 999	13 130

Fair value of the hedging contracts are calculated by the Groups main bank contact, and results from the discounted gap between the contracted hedging rate and the hedging rate at 31.12 for a hedging contract with corresponding maturity. The hedging contracts secure most of the estimated net USD cashflow the coming 3 years.

Note 8 Restricted cash and withheld employee income taxes

Holding Company		Restricted Cash	Group	
2017	2016		2017	2016
0	0	Withheld employee income taxes	2	1 867
Bank overdraft				
0	0	Unused credit facilities	16 000	18 000

Note 9 Equity

Holding Company

Equity Movements	Share Capital	Share Premium	Other paid in Capital	Other Equity	Total
Equity as at 01.01.	52 036	468 324	-38	262 749	783 071
This years profit	0	0	0	507	507
Equity as at 31.12.	52 036	468 324	-38	263 255	783 577

Group

Equity Movements	Share Capital	Share Premium	Other paid in Capital	Other Equity	Total
Equity as at 01.01.	52 036	418 225	-38	438	470 660
This years profit	0	0	0	19 112	19 112
Currency differences	0	0	0	565	565
Equity as at 31.12.	52 036	418 225	-38	20 114	490 337

Note 10 Share Capital and Shareholder Information

The share capital consists of 5,203,599 shares at par value NOK 10, whereof the issued and paid-in share capital amounts to NOK 52,035,990. SG Midco AS holds 100% of the shares in SG Bidco AS.

Note 11 Pensions

The Group has defined contribution schemes for all employees in Norway (65). The affiliated companies abroad have deposit schemes for their employees. All expenses related to these pensions schemes are expensed on a running basis.

The Group`s pension schemes satisfies the provision of the Act on mandatory occupational pensions for all employees.

Profit & Loss

	Holding Company		Group	
	2017	2016	2017	2016
Cost related to the defined contribution schemes	0	0	2 120	2 307
Net Pension Expenses	0	0	2 120	2 307

Note 12 Taxes

Deferred tax / Defered Tax Asset

Holding Company			Group	
2017	2016		2017	2016
		Temporary Differences		
772 631	834 648	Fixed Assets	767 738	828 932
-11 490	-27 627	Debt in foreign currency	-11 490	-27 627
6 852	7 463	Receivables	5 989	7 021
0	0	Hedging Contracts	0	-14 422
0	0	Other differences	4 502	33
767 993	814 484	Net Temporary Differences	766 739	793 937
-34 763	-80 779	Carryforward Tax loss	-45 552	-92 291
0	0	Carryforward deductions from abroad	-640	-251
-24 661	-24 194	Carryforward non deductible interest	-24 661	-24 194
-237 130	-229 523	Differences not included in deferred tax basis	-237 130	-229 523
471 439	479 988	Basis for Deferred Tax	458 756	447 678
108 431	115 197	Deferred Tax	105 514	107 443
0	0	Deferred tax / tax asset from affiliates abroad	104	-49
5 672	0	Of which non-capitalized deferred tax asset	5 672	0
114 103	115 197	Net Deferred Tax	111 289	107 393

Basis for Tax Expense, change in Deferred Tax and Income Taxes Payable

		Basis for Income Taxes Payable	
-474	-71 901	Profit before taxes	
0	0	Permanent differences	
-474	-71 901	Basis for current year tax expense	
467	0	Change non-deductible interest	
474	54 644	Change in temporary differences	
467	-17 257	Basis for payable income tax in the P&L	
0	0	Change in Group Contributions	
467	-17 257	Taxable Income (basis for Income Taxes payable in the Balance Sheet)	
Holding Company		Group	
2017	2016	2017	2016
Distribution of Tax expense			
112	0	Payable income tax (24% (25 %) of the basis for payable tax in the P&L)	0
0	0	Income taxes payable from subsidiaries abroad	171
0	0	Change in last years allocation	0
112	0	Net Income taxes payable	171
3 867	-13 712	Effect on deferred tax/tax asset of old tax rate	2 729
-4 961	-4 800	Change in deferred tax / tax asset due to reduced tax rate	-4 475
-982	-18 512	Tax Expense	-1 572
Reconciliation of current years tax expense			
-474	-71 901	Profit and Loss before tax	-201
-114	-17 975	Calculated tax 24% (25%)	-50
-982	-18 512	Tax expense in the P&L	-1 572
-868	-537	Deviation	-1 522
The deviation consists of:			
0	0	24% (25%) of permanent differences	-820
-4 961	-4 800	Change in deferred tax / tax asset due to reduced tax rate	-4 475
4 093	4 264	Other differences	3 773
-868	-536	Deviation total	-1 522
Income Taxes payable in the Balance Sheet			
112	0	Income taxes payable from the P&L	0
0	0	Income taxes payable from subsidiaries abroad	171
0	0	Tax effect of Group Contributions	0
112	0	Income Taxes payable in the Balance Sheet	171

Note 13 Operating Income

Holding Company			Group	
2017	2016		2017	2016
0	0	Total Revenues	202 428	199 695
0	0	Total	202 428	199 695

2017	2016	Geographical distribution:	2017	2016
0	0	Norway	24 860	24 552
0	0	Abroad	177 568	175 143
0	0	Total	202 428	199 695

Note 14 Wages and Employee Benefits, Management Remuneration and Auditors Fees

Holding Company			Group	
2017	2016	Payroll & Benefits	2017	2016
0	0	Wages	49 843	56 320
0	0	Employers Tax	9 538	9 612
0	0	Pension expenses	2 120	2 307
0	0	Wages Greece	4 616	4 171
0	0	Wages Poland	8 979	8 368
0	0	Tax funds	-2 308	-2 726
0	0	Other Benefits	1 196	1 669
0	0	Total	73 983	79 722
0	0	No of employees (01.01-31.12)	136	137

An agreement signed with Seagull Maritime AS entitles the Managing Director to a severance payment equal to 18 months salary if he is forced to resign from his position. A similar arrangement is put in place for the Chairman of the BoD in Seagull AS.

The BoD members in the company have not received any remuneration during 2017. The Company did not have any employees during the year.

No loans or collaterals have been provided to the Managing Director, Chairman of the BoD, or any other related party.

Expensed fees for Audit and Audit-related services

	Holding Company	Group
Statutory Audit, including assistance with preparation of the Annual Report	34	336
Other services	0	6
Sum	34	341

Note 15 Transactions with Related Parties

Remuneration of senior executives are specified in note 14, and receivable /payable balances with affiliated companies in note 6.

Group transactions with related parties:	Holding Company	Group
Purchase of goods and services:		
Purchase of Services:		
- Green-Jacobsen AS	0	2 554

Note 16 Financial Income and Expenses

Holding Company		Financial Income	Group	
2017	2016		2017	2016
3	1	Interest Income	3	74
3 698	0	Interest Income from Subsidiaries	3 698	0
18 973	5 480	Exchange Gains	43 420	30 781
63 284	0	Group Contribution received	0	0
85 958	5 481	Total Financial Income	47 121	30 855

Holding Company		Financial expenses	Group	
2017	2016		2017	2016
14 896	11 798	Interest Expense	14 922	11 798
4 166	1 676	Interest Expense to Subsidiaries	0	0
2 496	0	Exchange Losses	16 944	21 662
2 395	1 492	Depreciation of Capitalized Financing Fees	2 395	1 492
0	0	Othe Financial Expenses	705	652
23 953	14 966	Total Financial Expenses	34 966	35 604

Note 17 Market Development and key numbers

The demanding market conditions have continued into and during 2017, with poor rates and extreme downturn in key shipping segments. This has resulted in high pressure on pricing, and stronger focus on scope reductions among our customers.

Despite these tough market conditions, the Group has achieved increases in order intake versus previous year, with growth both in number of installations and the Portfolio of subscribing customers. The level of terminations from customers does in addition show a slight decrease compared to the level in 2016.

The rate development in key shipping segments has slightly increased towards the end of 2017, and are expected to rebound further into 2018.

Key numbers portfolio	2017	2016
No of Customers at Year End	722	717
Portfolio Value (USD 1000) at Year End	22 891	21 680
New sales orders (USD 1000)	2017	2016
New Orders total	1 681	1 288
Value of 10 largest Orders	832	471
3 largest new sales orders (USD 1000)	2017	2016
Customer "A"	216	148
Customer "B"	161	64
Customer "C"	121	46

Note 18 FX rates 2017**Realized FX rates Revenue / Opex****Revenues:**

USD	8.27
SGD	5.88
EUR	9.23

Opex:

USD	8.21
SGD	5.98
EUR	9.31
GBP	10.66
ZL	2.17
JPY	0.07
DKK	1.25

Uavhengig revisors beretning

Til generalforsamlingen i SG Bidco AS

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert SG Bidco AS' årsregnskap som består av:

- selskapsregnskapet, som består av balanse per 31. desember 2017, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter, herunder et sammendrag av viktige regnskapsprinsipper, og
- konsernregnskapet, som består av balanse per 31. desember 2017, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening:

- er årsregnskapet avgitt i samsvar med lov og forskrifter
- gir selskapsregnskapet et rettviseende bilde av den finansielle stillingen til SG Bidco AS per 31. desember 2017 og av selskapets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.
- gir konsernregnskapet et rettviseende bilde av den finansielle stillingen til konsernet SG Bidco AS per 31. desember 2017 og av konsernets resultater og kontantstrømmer for regnskapsåret som ble avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Annen informasjon

Ledelsen er ansvarlig for annen informasjon. Annen informasjon består av årsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke annen informasjon, og vi attesterer ikke den andre informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese annen informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom annen informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den andre informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets ansvar for årsregnskapet

Styret (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet er ledelsen ansvarlig for å ta standpunkt til selskapets og konsernets evne til fortsatt drift, og på tilbørlig måte å opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avvirket.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter

- omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets og konsernets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
 - konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets og konsernets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifierer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet og konsernet ikke fortsetter driften.
 - evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettviseende bilde.
 - innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om det konsoliderte regnskapet. Vi er ansvarlige for å lede, følge opp og gjennomføre konsernrevisjonen. Vi alene er ansvarlige for vår revisjonskonklusjon.

Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til anvendelse av overskuddet er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og



oversiktlig registrering og dokumentasjon av selskapets og konsernets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Tønsberg, 26. april 2018
BDO AS

A handwritten signature in blue ink, which appears to read 'Dag Georg Øhre'.

Dag Georg Øhre
Statsautorisert revisor

Independent Auditor's Report

To the General Meeting of SG Bidco AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SG Bidco AS. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors are responsible for the preparation in accordance with law and regulations, including 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive

to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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



Opinion on Registration and Documentation

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

Tønsberg, 26 April 2018
BDO AS

Dag Georg Øhre
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.