

PP-0218

ILLUSTRATIVE CLIENT REPRESENTATION LETTER25th July 2018

To BDO AS

This representation letter is provided in connection with your audit of the financial statements of Sea & Coast AS for the year ended 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Sea & Coast AS as of 31st December 2017 and the results of its operations for the year then ended in accordance with NGAAP.

We confirm, to the best of our knowledge and belief, the following representations:

- (1) We acknowledge our responsibility for the fair presentation of the financial statements in accordance with NGAAP including the appropriate disclosure of all information required by statute.
- (2) There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.
- (3) We confirm the completeness of the information provided regarding the identification of related parties.
- (4) In relation to those laws and regulations which provide the legal framework within which our business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.
- (5) We acknowledge our responsibility for the implementation and operation of internal controls that are designed to prevent and detect fraud and error. We have given you information about any deviations in the internal control that are known to us. We have disclosed to you all allegations of fraud or suspected fraud affecting the financial statements that have been communicated to the company by employees, former employees, analysts, regulators or any other party. We have disclosed to you all significant facts relating to any frauds or suspected frauds known to us that may have affected the entity and which involved management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial report and we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- (6) We have made available to you all books of account and supporting documentation and all minutes of meetings of shareholders and the board of directors.
- (7) The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There have been no communications concerning non-compliance with requirements of regulatory authorities with respect to financial matters.
- (8) The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:
 - a) The identity of, and balances and transactions with, related parties;
 - b) Losses arising from sale and purchase commitments;
 - c) Agreements and options to buy back assets previously sold;
 - d) Assets pledged as collateral.

- (9) Assumptions used in accounting estimates are reasonable.
- (10) We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
- (11) The Company has satisfactory title to all assets and there are no liens, or encumbrances on the company's assets.
- (12) We have recorded or disclosed all liabilities, both actual and contingent.
- (13) There have been no events subsequent to the balance sheet date which require adjustment of or disclosure in the financial statements and related notes.
- (14) The financial statements are free of material misstatements, including omissions.
- (15) We have not provided any loans or any guarantees to shareholders or their related parties.
- (16) We acknowledge our responsibilities and have fulfilled these responsibilities regarding registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.
- (17) We have provided you with:
 - a) Additional information that you have requested from us for the purpose of the audit; and
 - b) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.



Peteris Pildegovics, Chairman of the Board

Annual report 2017 for Sea & Coast AS

The annual accounts have been prepared by
Sparebank 1 Regnskapshuset Nord-Norge AS

Altaveien 201, 9515 Alta

Ph. 41 60 99 99

e-mail: alta@snnregnskap.no

Web page: www.snnregnskap.no

Profit or Loss Statement

	Note	2017	2016
OPERATING REVENUES AND OPERATING EXPENSES			
Operating revenues			
Sales revenue		3,099,715	18,492,110
Other operational income		0	36,413
Total operating income		3,099,715	18,528,514
Operating costs			
Cost of goods		2,881,421	18,332,717
Labour cost	1	44,080	301,867
Other operating expense	1	3,786,290	1,134,591
Total operating costs		6,711,791	19,769,175
OPERATING RESULT		(3,612,076)	(1,240,661)
FINANCIAL INCOME AND FINANCIAL COSTS			
Financial income			
Other interest income		31	7,211
Another financial income		1,664	4,389
Total financial income		1,695	11,601
Financial costs			
Other interest expenses		9,918	69,336
Other financial cost		39,974	49,932
Total financial expenses		49,891	119,269
NET FINANCIAL ITEMS		(48,197)	(107,668)
ORDINARY RES. BEFORE TAX COST		(3,660,273)	(1,348,329)
Taxes on ordinary result	2,3	0	30,243
ORDINARY RESULT		(3,660,273)	(1,378,572)
ANNUAL RESULT		(3,660,273)	(1,378,572)
OVERF. AND DISPOSALS			
Transfers, other equity	4	0	(468,425)
Carrying uncovered losses		(3,660,273)	(910,147)
TOTAL TRANSFERS AND DISPOSALS		(3,660,273)	(1,378,572)

Balance on 31.12.2017

	Note	31.12.2017	31.12.2016
ASSETS			
CURRENT ASSETS			
Receivables			
Accounts receivable		1,433,555	6,059,412
Other short term receivables		212,358	46,761
Total receivables		1,645,913	6,106,173
Bank deposits, cash	5	526	117,635
TOTAL CURRENT ASSETS		1,646,438	6,223,807
TOTAL ASSETS		1,646,438	6,223,807
EQUITY AND DEBT			
EQUITY			
Paid-in capital			
Share capital	4,6	30,000	30,000
Total paid-in equity		30,000	30,000
Earned equity			
Uncovered loss	4	(4,570,420)	(910,147)
Total retained earnings		(4,570,420)	(910,147)
TOTAL EQUITY		(4,570,420)	(910,147)
DEBT			
CURRENT LIABILITIES			
Accounts payable		5,842,946	6,900,280
Due public fees		0	8,521
Other short-term debt		343,912	195,153
TOTAL CURRENT LIABILITIES		6,186,858	7,103,954
TOTAL DEBT		6,186,858	7,103,954
TOTAL EQUITY AND DEBT		1,646,438	6,223,807

BÅTSFJORD on 29 June 2018

Peteris Pildegovics
Chairman of the Board

/signature/

Notes 2017

Accounting principles:

The annual accounts have been prepared in accordance with the Accounting Act and generally accepted accounting principles for small businesses. The accounts have been prepared based on the assumption of a going concern. It is confirmed that this condition is present.

Revenue recognition

Revenue recognition from the sale of goods takes place at the time of delivery. Services are recognized as income in line with the execution. The share of sales revenues that relate to future services is recognized in the balance sheet as unearned income from the sale and is then recognized as income in line with the delivery of the services.

Items purchased for resale

The goods are valued at cost reduced by VAT.

Receivables

Accounts receivable are entered in the Balance Sheet at the face value after deduction of provisions for foreseeable losses. Provisions for foreseeable losses are made on the basis of an individual assessment of the individual receivables. In addition, an unspecified provision is made for other trade receivables to cover estimated losses.

Other receivables are also subject to a similar assessment.

Tax

The tax expense in the Profit or Loss Statement includes the tax payable for the period, which is settled and falls due for payment in the next financial year in addition to the change in the deferred tax. The tax rate for 2017 is 24%. The deferred tax is calculated at the tax rate at the end of the financial year (23%) on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values. The calculation also includes a tax loss carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or can reverse in the same period are offset and netted. Deferred tax assets are recognized in the balance sheet to the extent that it is probable that they will be utilized within a reasonable time.

Pension obligations

The company is obliged to have a mandatory service pension, but had no pension agreement in 2017.

Going concern principle

The annual accounts have been prepared on the going concern basis. It is confirmed that this condition is present.

Unfortunately, the equity in the company is still negative. The company focuses on new projects from customers to improve the general financial situation, and there is faith in a positive development towards the end of 2018. The company is also continuously working to meet older receivables.

The main problem is that Norway and Russia have unfortunately decided to ban EU vessels from fishing for snow crab in the Barents Sea in international waters in NEAFC. Later, the countries have not been able to agree on how to organize the fishing activity for their own vessels in Smutthullet. As a result, the Norwegian fleet has been able to fish for snow crab on the east side of NEAFC, but Russian fishermen are not allowed to fish in NEAFC at all.

One of the company's customers is considering the possibility of starting shrimp fishing in the NEAFC area. This has been well received by the company's management, and we hope that this business opportunity will contribute to better and more predictable earnings.

Notes 2017**Note 1 – Labour costs**

The company has had 1 man-year (full time employee) in the financial year.

Specification of wage costs	This year	Last year
Payment	44,080	301,867
In total	44,080	301,867

The company is obliged to have a mandatory occupational pension, but had no pension agreement in 2017.

Benefits for senior executives and auditor

Audit fees, which consist of:	
Revision	27,000
Total fee to auditor	27,000

No pension benefits or benefits other than salaries have been paid to the general manager and board members.

Note 2 - Taxes on ordinary result

Specification of this year's tax base:	
Profit before tax expenses	-3,660,273
+ Permanent and other differences	0
+ Change in temporary differences	3,621,010
= Income	-39,263

Specification of this year's tax expense:	
Estimated tax on profit for the year	0
= Total tax payable	0
+/- Change in deferred tax / deferred tax asset	0
= Ordinary tax expense	0
Tax rate in the income year	24
Tax payable in the Balance Sheet consists of:	
Total tax payable	0
= Payable tax in the Balance Sheet	0

Notes 2017

Note 3 - Taxes on ordinary result

Deferred tax / deferred tax asset

	2017	2016
+ Outstanding receivables	-3,700,000	-78,990
- Tax loss carry-forward that is offset / settled	1,429,638	1,390,375
= Basis of deferred tax	-5,129,638	-1,469,365
Deferred tax	0	0
Negative basis deferred tax	5,129,638	1,469,365
= Basis of deferred tax benefit	5,129,638	1,469,365
Deferred tax benefit	1,179,816	352,648
Basis not booked deferred tax asset	5,129,638	1,469,367
Deferred tax asset not booked	1,179,816	352,648

Note 4 – Other equity

	Share capital / company capital	Other equity	Total equity
On 1.1.	30,000	-910,147	-880,147
Used for annual result		-3,660,273	-3,660,273
On 31.12.	30,000	-4,570,420	-4,540,420

Note 5 - Bank deposits, cash, etc.

Tax deductions amounted to NOK 41 on 31.12 this year and amounted to NOK 8,562 on 31.12 last year.

Note 6 - Share capital

The company has 30 shares with a nominal value of NOK 1,000 per share. Total share capital amounts to NOK 30,000.

The company has one shareholder:

Name	Number	Ownership
Peteris Pildegovics	30	100.00 %
Shares owned by the company's representatives:		
	Number	Ownership
Board members	30	100.00 %

ILLUSTRATIVE CLIENT REPRESENTATION LETTER

25th July 2018

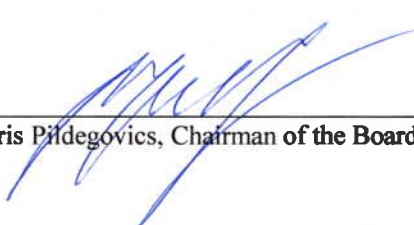
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 - b) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.



Peteris Pildegovics, Chairman of the Board

**Årsregnskap 2017
for
Sea & Coast AS**

Årsregnskapet er utarbeidet av
Sparebank 1 Regnskapshuset Nord-Norge AS
Altaveien 201, 9515 Alta
Tlf 41 60 99 99
e-post: alta@snnregnskap.no
Web-sider: www.snnregnskap.no

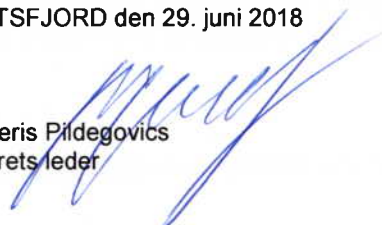
Resultatregnskap

	Note	2017	2016
DRIFTSINNEKTER OG DRIFTSKOSTNADER			
Driftsinntekter			
Salgsinntekt		3 099 715	18 492 110
Annen driftsinntekt		0	36 403
Sum driftsinntekter		3 099 715	18 528 514
Driftskostnader			
Varekostnad		2 881 421	18 332 717
Lønnskostnad	1	44 080	301 867
Annen driftskostnad	1	3 786 290	1 134 591
Sum driftskostnader		6 711 791	19 769 175
DRIFTSRESULTAT		(3 612 076)	(1 240 661)
FINANSINNEKTER OG FINANSKOSTNADER			
Finansinntekter			
Annen renteinntekt		31	7 211
Annen finansinntekt		1 664	4 389
Sum finansinntekter		1 695	11 601
Finanskostnader			
Annen rentekostnad		9 918	69 336
Annen finanskostnad		39 974	49 932
Sum finanskostnader		49 891	119 269
NETTO FINANSPOSTER		(48 197)	(107 668)
ORDINÆRT RES. FØR SKATTEKOSTNAD		(3 660 273)	(1 348 329)
Skattekostnad på ordinært resultat	2,3	0	30 243
ORDINÆRT RESULTAT		(3 660 273)	(1 378 572)
ARSRESULTAT		(3 660 273)	(1 378 572)
OVERF. OG DISPONERINGER			
Overføringer annen egenkapital	4	0	(468 425)
Fremføring av udekket tap		(3 660 273)	(910 147)
SUM OVERF. OG DISP.		(3 660 273)	(1 378 572)

Balanse pr. 31.12.2017

	Note	31.12.2017	31.12.2016
EIENDELER			
OMLØPSMIDLER			
Fordringer			
Kundefordringer		1 433 555	6 059 412
Andre kortsiktige fordringer		212 358	46 761
Sum fordringer		1 645 913	6 106 173
Bankinnskudd, kontanter o.l.	5	526	117 635
SUM OMLØPSMIDLER		1 646 438	6 223 807
SUM EIENDELER		1 646 438	6 223 807
 EGENKAPITAL OG GJELD			
EGENKAPITAL			
Innskutt egenkapital			
Aksjekapital	4,6	30 000	30 000
Sum innskutt egenkapital		30 000	30 000
Opptjent egenkapital			
Udekket tap	4	(4 570 420)	(910 147)
Sum opptjent egenkapital		(4 570 420)	(910 147)
SUM EGENKAPITAL		(4 540 420)	(880 147)
 GJELD			
KORTSIKTIG GJELD			
Leverandørgjeld		5 842 946	6 900 280
Skyldig offentlige avgifter		0	8 521
Annen kortsiktig gjeld		343 912	195 153
SUM KORTSIKTIG GJELD		6 186 858	7 103 954
SUM GJELD		6 186 858	7 103 954
SUM EGENKAPITAL OG GJELD		1 646 438	6 223 807

BÅTSFJORD den 29. juni 2018



Peteris Pildegovics
Styrets leder

Noter 2017

Regnskapsprinsipper:

Årsregnskapet er satt opp i samsvar med regnskapsloven og god regnskapsskikk for små foretak. Regnskapet er satt opp under forutsetning av fortatt drift. Det bekreftes at denne forutsetningen er tilstede.

Inntektsføring

Inntektsføring ved salg av varer skjer på leveringstidspunktet. Tjenester inntektsføres i takt med utførelsen. Andelen av salgsinntekter som knytter seg til fremtidige serviceytelser, balanseføres som uopptjent inntekt ved salget og inntektsføres deretter i takt med levering av ytelsene.

Varer innkjøpt for videresalg

Varene er vurdert til kostpris redusert for merverdiavgift.

Fordringer

Kundefordringer føres opp i balansen til pålydende etter fradrag for avsetning til påregnelig tap. Avsetning til påregnelig tap gjøres på grunnlag av en individuell vurdering av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap.

Andre fordringer er også gjenstand for en tilsvarende vurdering.

Skatt

Skattekostnaden i resultatregnskapet omfatter periodens betalbare skatt som blir utlignet og forfaller til betaling i neste regnskapsår i tillegg til endring i utsatt skatt. Skattesatsen for 2017 er 24 %. Utsatt skatt er beregnet med skattesatsen ved utgangen av regnskapsåret (23 %) på grunnlag av skattereduserende og skatteøkende midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier. I beregningen er det også medtatt ligningsmessig framførbart underskudd ved regnskapsårets utgang. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet og nettoført. Utsatt skattefordel balanseføres i den grad det er sannsynlig med utnyttelse av den innen rimelig tid

Pensjonsforpliktelser

Selskapet er pliktig å ha obligatorisk tjeneste pensjon, men hadde ingen pensjonsavtale i 2017.

Fortsatt drift

Årsregnskapet er avlagt under forutsetning om fortsatt drift. Det bekreftes at denne forutsetningen er tilstede.

Dessverre er egenkapitalen i selskapet fortsatt negativ. Selskapet har fokus på nye prosjekter fra kunder for å forbedre den generelle økonomiske situasjonen, og det er tro på positiv utvikling mot slutten av 2018. Selskapet jobber også kontinuerlig med å få innfridd eldre fordringer.

Hovedproblemet er at Norge og Russland dessverre har besluttet å forby EU-fartøyer fra fiske av snøkrabbe i Barentshavet i internasjonale farvann i NEAFC. Senere har landene heller ikke klart å bli enige om hvordan man skal organisere fiskeaktiviteten for sine egne fartøyer i Smuthullet. Som følge av dette har norsk flåte kunnet fiske snøkrabbe på østsiden av NEAFC, men russiske fiskere har ikke lov til å fiske i NEAFC i det hele tatt.

Noter 2017

En av selskapets kunder vurderer muligheten for oppstart av rekefiske i NEAFC-området. Dette er godt mottatt av selskapets ledelse, og vi håper at denne forretningsmuligheten vil bidra til bedre og mer forutsigbar inntjening.

Noter 2017

Note 1 - Lønnskostnad

Selskapet har hatt 1 årsverk i regnskapsåret.

Spesifikasjon av lønnskostnader	I år	I fjor
Lønn	44 080	301 867
Totalt	44 080	301 867

Selskapet er pliktig å ha obligatorisk tjeneste pensjon, men hadde ingen pensjonsavtale i 2017

Ytelser til ledende personer og revisor

Revisjonshonorar, som består av:

Revisjon	27 000
Samlet honorar til revisor	27 000

Det er ikke utbetalt pensjonsytelser eller andre ytelser enn lønn til daglig leder og styrets leder.

Note 2 - Skattekostnad på ordinært resultat

Spesifikasjon av årets skattegrunnlag:

Resultat før skattekostnader	-3 660 273
+ Permanente og andre forskjeller	0
+ Endring i midlertidige forskjeller	3 621 010
= Inntekt	-39 263

Spesifikasjon av årets skattekostnad:

Beregnet skatt av årets resultat	0
= Sum betalbar skatt	0
+/- Endring i utsatt skatt / utsatt skattefordel	0
= Ordinær skattekostnad	0
Skattesats i inntektsåret	24

Betalbar skatt i balansen består av

Sum betalbar skatt	0
= Betalbar skatt i balansen	0

Noter 2017

Note 3 - Skattekostnad på ordinært resultat

Utsatt skatt/utsatt skattefordel

	2017	2016
+ Utestående fordringer	-3 700 000	-78 990
- Skattem. fremf. underskudd som utlignes	1 429 638	1 390 375
= Grunnlag utsatt skatt	-5 129 638	-1 469 365
Utsatt skatt	0	0
Negativt grunnlag utsatt skatt	5 129 638	1 469 365
= Grunnlag utsatt skattefordel	5 129 638	1 469 365
Utsatt skattefordel	1 179 816	352 648
Grunnlag ikke bokført utsatt skattefordel	5 129 638	1 469 367
Ikke bokført utsatt skattefordel	1 179 816	352 648

Note 4 - Annen egenkapital

	Aksjekapital	Annen egenkapital	Sum egenkapital
Pr 1.1.	30 000	-910 147	-880 147
Anvendt til årsresultat		-3 660 273	-3 660 273
Pr 31.12.	30 000	-4 570 420	-4 540 420

Note 5 - Bankinnskudd, kontanter o.l.

Skattetrekkinnnskudd utgjør pr 31.12. i år kr 41 og utgjorde pr 31.12. i fjor kr 8 562.

Note 6 - Aksjekapital

Selskapet har 30 aksjer pålydende kr 1 000 pr. aksje, samlet aksjekapital utgjør kr 30 000.

Selskapet har en aksjonær:

Navn	Antall	Eierandel
Peteris Pildegovics	30	100,00 %

Aksjer eid av selskapets tillitsvalgte:

	Antall	Eierandel
Medlemmer av styret	30	100,00 %