



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 930 197 661
Organisasjonsform: Aksjeselskap
Foretaksnavn: SKS OBO & TANKERS AS
Forretningsadresse: Zander Kaaes gate 7
5015 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Nils Per Hellesund
Dato for fastsettelse av årsregnskapet: 17.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 30.06.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating income	3,4	122 447 000	101 374 000
Sum inntekter		122 447 000	101 374 000
Kostnader			
Depreciation and amortisation	8	30 970 000	39 861 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	8	34 800 000	4 600 000
Operating expenses	3,5,10	36 732 000	43 121 000
General and administrative expenses	3,6,7	1 145 000	1 052 000
Loss from sale of non-current assets	8	19 094 000	282 000
Sum kostnader		122 741 000	88 916 000
Driftsresultat		-294 000	12 458 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern	3	2 517 000	2 830 000
Annen renteinntekt	3	106 000	356 000
Sum finansinntekter		2 623 000	3 186 000
Annen rentekostnad		16 163 000	24 145 000
Other financial items	9	2 913 000	4 402 000
Sum finanskostnader		19 076 000	28 547 000
Netto finans		-16 453 000	-25 361 000
Ordinært resultat før skattekostnad		-16 747 000	-12 903 000
Ordinært resultat etter skattekostnad		-16 747 000	-12 903 000
Årsresultat		-16 747 000	-12 903 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-16 747 000	-12 903 000
Sum overføringer og disponeringer		-16 747 000	-12 903 000



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessels	8	359 770 000	538 153 000
Sum varige driftsmidler		359 770 000	538 153 000
Finansielle anleggsmidler			
Lån til foretak i samme konsern	3,11	103 607 000	44 674 000
Sum finansielle anleggsmidler		103 607 000	44 674 000
Sum anleggsmidler		463 377 000	582 827 000
Omløpsmidler			
Varer			
Inventories	12	735 000	1 612 000
Sum varer		735 000	1 612 000
Fordringer			
Other current assets	13	11 777 000	3 836 000
Konsernfordringer	3	13 459 000	16 030 000
Sum fordringer		25 236 000	19 866 000
Investeringer			
Financial derivatives	18	338 000	0
Sum investeringer		338 000	0
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	14	22 939 000	21 527 000
Sum bankinnskudd, kontanter og lignende		22 939 000	21 527 000
Sum omløpsmidler		49 248 000	43 005 000
SUM EIENDELER		512 625 000	625 832 000



Balanse

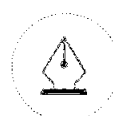
Beløp i: USD	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	15	111 173 000	111 173 000
Overkurs		84 264 000	101 012 000
Sum innskutt egenkapital		195 437 000	212 185 000
Sum egenkapital		195 437 000	212 185 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	16	34 866 000	339 432 000
Langsiktig konserngjeld	3	6 288 000	0
Sum annen langsiktig gjeld		41 154 000	339 432 000
Sum langsiktig gjeld		41 154 000	339 432 000
Kortsiktig gjeld			
Interest bearing debt	16	268 828 000	69 863 000
Leverandørgjeld		3 319 000	1 382 000
Payable tax	10	259 000	299 000
Other current liabilities	17	3 628 000	2 589 000
Financial derivatives	18	0	82 000
Sum kortsiktig gjeld		276 034 000	74 215 000
Sum gjeld		317 188 000	413 647 000
SUM EGENKAPITAL OG GJELD		512 625 000	625 832 000



SKS OBO & TANKERS AS

STATEMENT OF CASH FLOWS

		31 December 2020	31 December 2019
	Notes	USD 000	USD 000
Cash flows from operating activities:			
Net income/(loss) before tax.....		-16 747	-12 903
Payable tax.....	10	- 299	- 316
Depreciation and amortisation.....	8	30 970	39 861
Impairment losses/(Reversal impairment losses).....	8	34 800	4 600
(Profit)/loss from sale of non-current assets.....	8	19 095	283
Impairment losses of non-current receivables.....		2 900	2 000
Changes in inventories.....		876	- 68
Changes in trade debtors.....	3	-5 368	3 315
Changes in trade creditors.....	17	2 974	1 641
Changes in other current assets/liabilities.....	10, 18	146	1 194
Net cash provided by operating activities.....		<u>69 347</u>	<u>39 607</u>
Cash flows from investing activities:			
Investments in non-current assets.....	8	-15 911	-1 999
Sale of non-current assets.....		109 429	0
Loans to group companies.....	3, 11	<u>-61 833</u>	<u>21 720</u>
Net cash provided by/(used in) investing activities.....		<u>31 686</u>	<u>19 721</u>
Cash flows from financing activities:			
Loans from group companies.....	3	6 288	0
Repayments on interest bearing debt.....	16	-105 909	-50 236
Capital contribution.....	3	0	1 995
Net cash provided by/(used in) financing activities.....		<u>-99 621</u>	<u>-48 241</u>
Net increase/(decrease) in cash and cash equivalents.....		1 412	11 087
Cash and cash equivalents at beginning of year.....		<u>21 527</u>	<u>10 441</u>
Cash and cash equivalents at end of year.....	14	<u><u>22 939</u></u>	<u><u>21 527</u></u>



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DIRECTORS' REPORT 2020

SKS OBO & TANKERS AS (the Company)

Business summary

SKS OBO & Tankers AS is fully owned by SKS Tankers Holding AS, a subsidiary of Kristian Gerhard Jebsen Skipsrederi AS (KGJS). The Company is located in Bergen, Norway.

The Company currently owns seven product carriers of 120 000 dwt. (SKS D-class) trading in the LR2/Aframax market, in addition to four Suezmax tankers of 159 000 dwt. (SKS S-class). The vessels are commercially operated by the related pool entity SKS Pool AS ("Pool Company"). Administrative services is provided by KGJS.

Technical management of the fleet was provided by Columbia Ship Management and KGJ OBO & Tankers Fleet Management AS (a company within the KGJS Group) until August 3rd 2020 and thereafter by OSM Bergen Tank AS.

Result

The net loss for 2020 was USD 16.8 mill. compared to USD 12.9 mill. in 2019. In 2020, the Company recognized an impairment loss of USD 34.8 mill., which was the main reason for the net loss. The impairment loss in 2019 was USD 4.6 mill.

The variance between the result and the cash flow from operating activities is mainly due depreciation and impairment of non-current assets and changes in other current assets and liabilities.

The board recommends that the Company's net loss of USD 16.8 mill. is transferred to share premium.

Investments

Total investments in non-current assets amounted to USD 463.4 mill. at the end of 2020.

Liquidity and financing

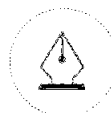
The Company aims to have adequate liquidity in the form of cash and/or available credit facilities at all times. At the end of 2020, the cash reserve was USD 22.9 mill. The Company has currently no outstanding capital commitment.

At the end of 2020, USD 268.8 mill. of the outstanding debt in SKS OBO & Tankers AS is classified as short term debt, whereof USD 239.5 mill. matures on 30 September 2021. SKS has initiated discussions with current lenders and KGJS as owner in order to secure refinancing of the loans or extensions of the 30 September maturities, including waivers of certain covenants, as part of its refinancing strategy.

Going concern

The annual financial statements are presented based on a going concern assumption and give a true and fair view of the Company's assets and liabilities, financial position and results. Based on

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available cash, lender group, planned investments, projected cash flow and uncommitted capital contribution from its shareholders, the Company believes it has a satisfactory financial position.

Risks

The Company applies an active approach to manage market risks, operational risks and financial risks. Risks are recognised and managed within areas like credit risk, liquidity risk, currency risk, interest rate risk, bunker price risk and other general market risks as further described in notes to the financial statements.

Hedging instruments are used in order to reduce the exposure to fluctuations in several of the above risk areas.

Quality, health, safety and environment

The Company has outsourced technical management to third party contractors. Structured monitoring and audit processes are in place to ensure that our sub-suppliers meet specific quality requirements. KGJS expects that contracted ship management suppliers maintain strong focus on vessel management following a policy based on high quality requirements. Extensive regulations, locally and internationally have become the standard requiring high quality in areas such as vessel manning, vessel operation and technical maintenance. Vessel maintenance shall be carried out continuously based on a long-term preventive maintenance program.

The vessel consume heavy fuel oil, diesel oil and liquefied natural gas. Fuel consumption is carefully monitored and measures to reduce consumption have been implemented. The Company maintains full compliance with the global 0.5% Sulphur cap since on or before the date of implementation, and monitors fuel compliance closely as part of the continuous vessel operation.

Vessel operation in general can potentially cause pollution or other incidents. Vessels owned by the Group are equipped in accordance with international rules and regulations. Vessel operation focuses on reducing risks with the use of qualified personnel and well-developed routines.

The Company has no employees.

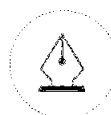
Subsequent event

On 5 February 2021, SKS OBO & Tankers AS signed a Memorandum of Agreement (“MOA”) to sell a SKS S-class vessel. According to the MOA, delivery will take place between 1 April and 15 May 2021. As a result of the agreed price of the vessel, the Company recognised an impairment in 2020 of USD 8.0 mill..

Covid-19

The Covid-19 pandemic developed rapidly in 2020 and the measures taken by various governments to contain the virus has had a negative effect on the global economy, including the international shipping industry. Travel restrictions imposed by governments around the world have created hurdles to crew changes and repatriation of seafarers, which has led to significant concerns for the safety of seafarers. Supply chain disruptions, shortage of workforce, port restrictions and implementation of social distancing measures in ports and shipyards have caused delays.

Overall, the Company’s results was mainly impacted by an impairment of booked values for the vessel fleet of USD 34.8 mill. as the market values deteriorated throughout the year. Although the tanker market volatility in 2020 can be linked to the development of the global pandemic, the increase in rates and activity in the first half of the year was offset by the downturn in the second



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half. Because of numerous measures related to the health and safety of seafarers and increased cost related to travel, the Company experience a slight increase in operational expenses. Furthermore, the Company was forced to put scheduled special surveys on hold during Q2 2020 as a consequence of Covid-19 related challenges in selected yards. The schedule was resumed during Q3 2020 without significant financial impact for the Company.

Depending on the duration of the Covid-19 pandemic and any corresponding impact on the global tanker market, the Company might experience negative impact on business and results. However, the exact impact is uncertain and cannot be predicted.

Outlook

Global economic activity is expected to improve in 2021, as the world recovers from the pandemic and its restrictions on mobility. Production and distribution of effective vaccines will be key to reopening of societies globally. The global macro picture remains uncertain with economic growth threatened by geopolitical tensions, trade disputes and recovery from the virus outbreak.

Tanker markets are expected to remain weak during a period of inventory draws and rebalancing of global oil markets following significant stock builds during 2020. A gradual improvement may be expected as crude oil production and refinery output increases in accordance with improved demand. Fleet growth is expected to be modest in 2021 compared to previous years for crude and product tankers. Considering the age profile of the current tanker fleet, as well as new regulatory requirements, there is potential for increased phase out of older tankers which may improve the tanker market balance.

Bergen, 8 March 2021

The board of directors of
SKS OBO & Tankers AS

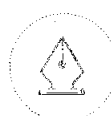
Jarle Haugsdal
Board member

Hans Peter Jebsen
Chairman

Hans Petter Høegh
Board member

Geir Bruvik Mjelde
CEO

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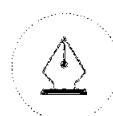
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SKS OBO & TANKERS AS

STATEMENT OF CHANGES IN EQUITY

	Share capital USD 000	Share premium USD 000	Total equity USD 000
Equity at 31.12 2019.....	111 173	101 011	212 185
Net income/(loss) 2020.....	0	- 16 747	- 16 747
Equity at 31.12 2020.....	111 173	84 264	195 437



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SKS OBO & TANKERS AS

NOTES TO THE FINANCIAL STATEMENTS

1. General information

SKS OBO & Tankers AS (the "Company") is fully owned by SKS Tankers Holding AS, a subsidiary of Kristian Gerhard Jebsen Skipsrederi AS ("KGJS"). KGJS presents consolidated financial statements, which include the financial statements of the Company. The Company is located in Bergen, Norway.

The Company currently owns seven product carriers of 120 000 dwt. (SKS D-class) trading in the LR2/Aframax market, in addition to four Suezmax tankers of 159 000 dwt. (SKS S-class). The vessels are commercially operated by the related pool entity SKS Pool AS ("Pool Company"). Administrative services is provided by KGJS. Technical management of the fleet was provided by Columbia Ship Management and KGJ OBO & Tankers Fleet Management AS (a company within the KGJS Group) until August 3rd 2020 and thereafter by OSM Bergen Tank AS.

2. Accounting principles

a. Basis of preparation

The Company prepares its financial statements according to "Simplified International Financial Reporting Standards" (IFRS) as dealt with in The Norwegian Accounting Act and Regulations dated 18 December 2020. This principally implies that all calculations and measurement methods are carried out in accordance with IFRS, while presentation and notes follows the Norwegian Accounting Act and Norwegian GAAP. The Company employs the simplifying rules relating to dividends and group contributions as regulated in The Norwegian Accounting Act.

The accounting year equals the calendar year and the items of the income statement are classified by their nature.

b. Changes in accounting principles and errors

The impact of changes in accounting principles and correction of significant errors in previous annual accounts are reported directly to equity. Comparative figures are revised accordingly.

c. Currency

The financial statements are presented in US Dollars (USD) as the Company operates in an international market where the functional currency is USD. Transactions in non-USD currencies are recorded at the exchange rate on the date of the transaction. Monetary items and debt in non-USD currencies are converted to USD at the rate of exchange prevailing at the reporting date. Currency gains and losses are recognised in the income statement classified as financial items.

d. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable. Accounting estimates are employed in the financial statements to determine reported amounts, including the useful life and disposal value of vessels. Actual results could differ from those estimates.

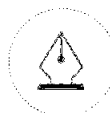
e. Classification of assets and liabilities

Assets are classified as current assets when:

- the asset is expected to be disposed of or consumed within 12 months of the reporting date
- the asset is held for trading
- the asset is cash or cash equivalents, except for items having restrictions to be exchanged within 12 months of the reporting date.

All other assets are classified as non-current assets.

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SKS OBO & TANKERS AS

NOTES TO THE FINANCIAL STATEMENTS

Liabilities are classified as current liabilities when:

- the liability is expected to be settled within 12 months of the reporting date
- the liability is held for trading
- the Company does not have an unconditional right to postpone settlement of the liability until at least 12 months after the reporting date.

All other liabilities are classified as non-current liabilities.

f. Segments

A business segment provides services that are subject to risks and returns that are different from those of other business segments.

The Company's primary reporting format is based on the Company's internal reporting having the following two main business segments:

- LR2/Aframax
- Suezmax

The Company's management does not evaluate performance by geographical region as the ships sail on a worldwide basis.

g. Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Operating income consist of the Company's share of the Pool net revenue (PNR) for the corresponding periods from the Pool company. Revenues and voyage expenses of the vessels are pooled and the resulting PNR, calculated on a time-charter equivalent basis, are allocated to pool participants according to an agreed formula. Formulas used to allocate PNR to pool participants are based on the number of days a vessel operates in the Pool with weighting adjustments made to reflect vessels' differing earnings capacities. Any cargo and voyage related loss contingencies are, as soon as expected, recorded in the Pool's net revenue. The distribution of the PNR to the vessel owners are described further in note 3b. Operating income in the Pool consist of freight, charter hire and other operating related income. Freight is recognised based on the "load to discharge" method. Freight and related voyage expenses not completed at the reporting date are recognised based on the basis of the proportion of the voyage completed at the end of the reporting date. Voyage related expenses from discharge to load is considered as cost to fulfil a contract and recognised in the balance sheet if a related contract is signed before the reporting date. If no contract is signed before the reporting date the voyage related expenses are recognised in the income statement. Charter hire is recognised over the term of the contract as the service is provided.

Interest income is recorded in the income statement during the period in which it is earned.

Group contributions are recorded as appropriations in the same year as it is proposed.

h. Taxes

The current income tax charge is calculated on the basis of the tax laws enacted or principally enacted at the reporting date. Management periodically evaluates the tax positions with respect to situations in which applicable tax regulations are subject to interpretation and on this basis establishes provisions for payable tax amounts.

Deferred income tax is provided for all temporary variances arising between the tax bases of assets and liabilities compared to the carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and

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SKS OBO & TANKERS AS

NOTES TO THE FINANCIAL STATEMENTS

are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary variances can be utilised.

Both payable tax and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity. In cases where the equity transaction is considered a distribution and the source of the distribution is earlier years' net profit, the tax effect of the distribution should be recognised as tax expense in the year in which the distribution is recognised.

The Company is registered under the Norwegian tax legislation for shipping companies. The shipping tax-regulations include a tonnage tax and taxation of a company's net financial income and certain parts of the equity. Other ordinary net income is not taxable. Taxation under the shipping tax rules requires compliance to certain requirements.

i. Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and any impairment charges. Historical cost includes purchase price, capitalised interest and other expenses directly related to the investment.

Vessels residual value, which generally arises at the end of their useful life, is estimated based on the current estimated demolition value. Vessels residual value and useful life are assessed on an annual basis and changes will affect future depreciation cost.

Depreciation of assets is calculated using the straight-line method based on their estimated useful lives and residual values. Any component of a tangible asset that is significant to the total cost of the assets is depreciated separately over their estimated useful lives. Components with similar useful lives are included as a single component. Vessels book values are divided into two components; vessels and periodic maintenance.

Vessels are considered to have a total useful life of 25 years. Periodic maintenance costs are amortised over the period until the next periodic maintenance. The period maintenance occur with intervals of either 30 months or 60 months dependant on survey and vessels condition. Day-to-day repairs and maintenance cost are charged to the income statement during the period incurred. The costs of major renovations and periodic maintenance are included in the asset's carrying amount when it is probable the Company will derive future economic benefits in excess of the originally assessed standard performance of the assets. At the time of investment in a new vessel, a portion of the purchase price is defined as periodic maintenance and depreciated as other periodic maintenance.

A vessel's useful life is reviewed annually and where new estimate vary from previous estimate depreciation is adjusted accordingly.

When vessels are sold or disposed of, any gain or loss from the disposal is reported in the income statement. Profit or loss equals the variance between sales price and book value less any sales expenses.

j. Impairment of assets

Assets that are subject to depreciation are reviewed for impairment at each reporting date, or when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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NOTES TO THE FINANCIAL STATEMENTS

Fair value reduced by estimated sale costs is made up of an attainable sale price less expenses to an independent third party. The recoverable amount is calculated for each cash-generating unit (CGU).

The Company's fleet of LR2/Aframax vessels and Suezmax tankers is categorised as three separate CGUs based on the following assumptions:

- All vessels within each category can usually be operated on a portfolio basis.
- All vessels within each category having similar specifications.
- Each vessel within each category is inter-changeable within their particular markets.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses which are reported in previous years' income statement are reversed when succeeding events indicates that the cause of the write down is no longer valid. The reversal is classified in income statement as an impairment reversal. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

k. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company's financial assets are: derivatives, trade receivables and cash and cash equivalents. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus transaction costs.

The Company classifies its financial assets in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Equity instruments at fair value through other comprehensive income
- Derivatives at fair value through income statement

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to collect contractual cash flows and,
- The contractual terms of the financial asset give rise to cash flows as payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in income statement when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables and other current deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price, ref note 2 m.

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SKS OBO & TANKERS AS

NOTES TO THE FINANCIAL STATEMENTSFinancial assets at fair value through other comprehensive income

The Company measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held with the objective of both collecting contractual cash flows and selling, and,
- The contractual terms of the financial asset give rise to cash flows as payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses/reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is reclassified to income statement.

The Company currently holds no investments in quoted instruments which would classify under this category.

Equity instruments at fair value through other comprehensive income

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never reclassified to income statement. Dividends are recognised as other financial income in the income statement when the right to receive payment arise. Dividends representing a recovery of part of the cost of the financial asset are instead recorded as other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

The Company currently holds no non-listed equity investments which would classify under this category.

Derivatives at fair value through income statement

Derivatives are recognised in the balance sheet at their fair value. Changes in the fair value are currently recorded in the income statement in the period in which the change in fair value occurs. Classification depends on the nature of the derivative.

The category includes foreign exchange contracts ref note 18.

Derecognition of financial assets

A financial asset or a part of a financial asset/group of similar financial assets is derecognised when:

- The right to receive cash flows from the asset have expired, or
- The Company has transferred its rights or has assumed an obligation to pay the received cash flows in full to a third party; and either
 - I. the Company has transferred substantially all the risks and rewards of the asset, or
 - II. the Company has transferred control of the asset

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables or as derivatives. Derivatives are recognised initially at fair value. Loans, borrowings and payables are recognised at fair value net of directly attributable transaction costs.

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Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method if this is considered to be significant. Gains and losses are recognised in income statement when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included as finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL) for all instruments not held at fair value. If there is no substantial increase in credit risk since initial recognition, the ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures facing a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure. Credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. A provision for impairment of trade receivables is established when a loss is expected and indications that the Company will not be able to collect all amounts due in accordance with the original terms of the receivables are identified.

The Company considers a financial asset in default when contractual payments are considerably past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Measurement of fair value

Fair value of financial instruments actively traded are valued based on quoted prices for identical instruments. Fair value of financial instruments not actively traded are valued based on models or other valuations methodologies observable for similar instruments.

l. Inventories

Inventories include the vessels' stock of lubrication oils remaining on board at the end of the reporting period and are stated at the lower of cost or net realisable value. Cost is calculated on a first in first out (FIFO) basis. Net realisable value is based on observable market prices.

m. Accounts receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. The interest factor is ignored if insignificant. A provision for impairment of trade receivables is

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established when a loss is expected and indications that the Company will not be able to collect all amounts due in accordance with the original terms of the receivables are identified, ref note 2 k.

n. Cash and cash equivalents

Cash and cash equivalents include cash and cash deposits held at banks.

o. Equity

Ordinary shares are classified as equity. Transaction costs related to equity transactions, including any tax effect of the transaction costs, are charged directly to equity.

p. Contingent assets, liabilities and provisions

Contingent liabilities are defined as:

- Possible liabilities resulting from past events, but where its existence relies on future events
- Liabilities which are not accounted for as it is not likely that such liabilities will result in a cash outflow
- Liabilities which cannot be measured reliably.

Any major contingent liabilities are disclosed in notes to the accounts. Contingent assets will not be recorded in the accounts, but included as a note if it is likely that the Company will benefit from such assets.

Contingent liabilities and provisions are recognised in the accounts when it is deemed the Company has a lawful obligation that can be measured reliably and it is likely with a more than 50% probability that settlement will take place. Contingent liabilities and provisions are reviewed at each reporting date and adjusted to best estimate. When timing is insignificant, the liability is reported at the estimated cost of release from the liability. Otherwise, when timing is significant for the amount of the liability, the liability is recognised at fair value. Any increase over time in the amount of the liability is reported as interest costs.

q. Events after the reporting date

New information about the Company's financial standing at the reporting date is included in the financial statements. Events occurring after the reporting date that have no impact on the Company's financial position at the reporting date, but which have a significant impact on future periods, are presented in notes to the accounts.

r. Statement of cash flows

The statement of cash flows presents the total cash flow divided into operational activities, investment activities and financing activities. The statement is prepared using the indirect model and reflects the individual activities' impact on the cash reserve.

3. Related parties

In the normal course of its business, the Company has carried out a number of transactions with related parties. Related parties comprise principal owners of the Company and companies controlled by those owners, management of the Company and companies in which the Company can exercise significant influence over their management or operating policies.

a. Transactions relating to management services:

KGJS and companies within its group provides the Company with technical and administrative services and charges management fees. These costs amounted to USD 2.7 mill. in 2020, compared to 4.5 mill. in 2019, recorded in income statement as vessel related expenses and general and administrative expenses.

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b. Transactions relating to commercial services:

At 31 December 2020 the Company has one product carrier of 120 000 dwt. (SKS D-class) and one Suezmax tanker of 159 000 dwt. (SKS S-class) on timecharter to KGJS Tank AS. During 2020 the Company received USD 22.8 mill. in timecharter hire, compared to USD 12.3 mill. in 2019, recorded in income statement as vessel operating income.

The vessels are commercially operated by the related pool company SKS Pool AS (Pool company). SKS Pool AS is fully owned by SKS Tankers Holding AS, a subsidiary of KGJS. The Pool company has entered into a Pool agreement with the Company. In accordance with the agreement, the members of the Pool receives by way of hire a share of the Pool's net revenue (PNR). The PNR is arrived at by calculating the gross revenues for the year minus the expenses, including voyage related expenses and administrative expenses. The Company's share of the PNR is calculated based on the number of days the vessel has been on-hire during the year. The Pool company is obliged, by the Pool agreement, to distribute all its surplus cash, after deducting ordinary working capital, to the members of the Pool on a monthly basis.

The Company's share of the Pool company's PNR, recorded as operating income in the Company's financial statements, amounts to:

For the year ended 31 December 2020 (in US Dollar thousands)	LR2/Aframax	Suezmax	Total
The Company's share of PNR	74 214	25 384	99 598

For the year ended 31 December 2019 (in US Dollar thousands)	LR2/Aframax	Suezmax	Total
The Company's share of PNR	61 852	27 272	89 124

c. Transactions relating to financial items:

The Company has sold vessels to companies owned by SKS Tankers Holding AS, settled through sellers credit agreements. During 2020 the Company received USD 2.5 mill. in interest income compared to USD 2.8 mill. in 2019. Repayment of the loans are based on "pay as you earn" terms and was USD 13.1 mill. in 2020 compared to USD 6.8 mill. in 2019.

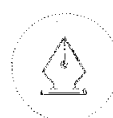
d. Receivables/payables with related parties:

For the years ended 31 December (in US Dollar thousands)	2020	2019
Loans to group companies - SKS Shipowning I AS	15 348	2 768
Loans to group companies - SKS Shipowning II AS	24 275	15 597
Loans to group companies - SKS Shipowning III AS	20 460	26 310
Loans to group companies - Kristian Gerhard Jebsen Group AS	31 505	0
Loans to group companies - Jebsen Group AS	12 020	0
Related party receivables - SKS Pool AS	13 459	16 030
Loans from group companies - SKS Shipowning II AS	-6 288	0
Total	110 778	60 704

Settlement of inter-company balances takes place regularly. Interest is charged based on Nibor/Libor interest rates plus a margin.

The receivables relating to the Pool company is unsecured, interest free and repayable in cash on demand.

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4. Vessel operating income

For the year ended 31 December 2020 (in US Dollar thousands)	LR2/Aframax	Suezmax	Total
Vessel operating income, see note 3c	74 214	25 384	99 598
Timecharter, see note 3c	9 397	13 453	22 849
Total	83 611	38 837	122 447

For the year ended 31 December 2019 (in US Dollar thousands)	LR2/Aframax	Suezmax	Total
Vessel operating income, see note 3c	61 852	27 272	89 124
Timecharter, see note 3c	5 080	7 170	12 250
Total	66 932	34 442	101 374

A geographical split of operating income is not presented as the ships sail on a worldwide basis.

5. Vessel related expenses

Vessel related expenses include vessel operating expenses comprising crewing cost, provisions, maintenance, insurance and management service cost.

6. General and administrative expenses

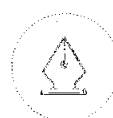
General and administrative expenses consist of expenses for administrative services delivered by KGJS, lawyers, auditors and others.

For the years ended 31 December (in US Dollar thousands)	2020	2019
Administrative services	1 088	971
Statutory audit fees	48	47
Other audit certifications	5	0
Tax advice	1	0
Legal fees	1	0
Other expenses	2	33
Total	1 145	1 052

7. Salaries, benefits and number of employees

The Company purchases all of its services from KGJS or its subsidiaries and other vessel managers and agents. Such services are covering both seagoing personnel and all administrative services. As a consequence, the Company has no employees. There is no remuneration to the Company's board members.

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8. Tangible assets

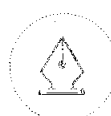
Book value of tangible assets recognised in the balance sheet:

For the year ended 31 December 2020 (in US Dollar thousands)		LR2/Aframax	Suezmax	Periodic maintenance	Total
Acquisition cost 01.01.2020	1 052 927	503 794	23 961	1 580 682	
Additions	0	0	15 911	15 911	
Disposals	- 342 187	-92 081	-16 656	- 450 924	
Acquisition cost 31.12.2020	710 740	411 713	23 216	1 145 669	
Accumulated depreciation at 01.01.2020	-292 033	-197 587	-15 433	- 505 053	
Depreciation for the year	-18 348	-8 096	-4 525	- 30 970	
Depreciation disposals	102 537	42 224	12 037	156 798	
Accumulated depreciation at 31.12.2020	-207 844	-163 460	-7 921	- 379 225	
Accumulated impairment losses at 01.01.2020	-379 052	-158 424	0	- 537 476	
(Impairment losses)/Reversal impairment losses for the year	-20 100	-14 700	0	- 34 800	
Impairment losses disposals	135 994	29 608	0	165 602	
Accumulated impairment losses at 31.12.2020	-263 158	-143 516	0	- 406 674	
Net book value 31.12.2020	239 738	104 738	15 294	359 770	

	LR2/Aframax	Suezmax	Periodic maintenance
Useful life	25 years	25 years	30-60 months
Depreciation method	Straight line	Straight line	Straight line

At 31 December 2020, the Company reviewed all its cash-generating units for impairment, ref. note 2 j. An impairment loss should be recognised for the cash-generating unit if the carrying value is higher than the highest of market value and value-in-use calculation. Value-in-use calculations are made in accordance with IAS 36 and are based on the Company's best assumptions of future income and cost as well as discounting rate. Assumptions are associated with uncertainty and other parameters could generate a different value-in-use and a different outcome of the impairment assessment.

Based on the review, the Company made an impairment of USD 20.1 mill. on the LR2/Aframax vessels and USD 14.7 mill. on the Suezmax vessels in 2020.



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9. Other financial items

For the years ended 31 December		
(in US Dollar thousands)	2020	2019
Unrealised gains on financial derivatives	420	141
Realised gains on financial derivatives	282	0
Currency gains	576	84
Other financial income	0	0
Total financial income	1 278	225
Unrealised losses on financial derivatives	- 0	- 700
Realised losses on financial derivatives	- 708	- 580
Currency losses	- 273	- 122
Other financial expenses	- 3 209	- 3 225
Total financial expenses	- 4 191	- 4 628
Net other financial items	- 2 913	- 4 402

10. Taxes

For the years ended 31 December		
(in US Dollar thousands)	2020	2019
Changes in deferred tax	-4 101	-1 041
Deferred tax assets expensed	4 101	1 041
Total tax expense/(income)	0	0

Reconciliation of nominal and effective tax rate:

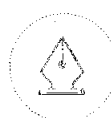
For the years ended 31 December		
(in US Dollar thousands)	2020	2019
Net income/(loss) before tax	-16 747	-12 903
Estimated tax expense (22%)	-3 684	-2 839
Difference between estimated and actual tax expense	3 684	2 839
Total tax expense/(income)	0	0

Specification of differences between estimated and actual tax expense:

For the years ended 31 December		
(in US Dollar thousands)	2020	2019
Non-taxable operating result in accordance with shipping taxation	65	-2 741
Effect of shipping taxation – financial items	- 511	4 416
Unrealised gains/losses on hedges	30	123
Deferred tax assets expensed	4 101	1 041
Total difference between estimated and actual tax expense	3 684	2 839

Tax calculations are based on financial statements in US Dollars converted to Norwegian Kroner using varying rates of exchange for both balance sheet and income statement. The currency transaction differences arise when converting the Norwegian kroner tax calculation to US Dollar in the specification.

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Summary of temporary differences:

For the years ended 31 December (in US Dollar thousands)	2020	2019
Derivatives.....	120	- 15
Other differences.....	- 222	-216
Net temporary differences.....	- 102	- 231
Recorded taxable deficit.....	-90 476	-71 705
Total basis for deferred tax (+)/tax assets (-)	-90 578	-71 936

For the years ended 31 December (in US Dollar thousands)	2020	2019
Deferred tax (+)/ tax assets (-).....	0	0
Changes in deferred tax (+)/ assets (-).....	-4 101	-1 041
Non-recorded deferred tax (+)/ tax assets (-) - shipping taxation	-19 927	-15 826

Payable tax:

For the years ended 31 December (in US Dollar thousands)	2020	2019
Payable tax - shipping taxation	259	299
Total	259	299

11. Non-current receivables

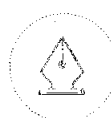
For the years ended 31 December (in US Dollar thousands)	2020	2019
Loans to group companies - SKS Shipowning I AS.....	15 348	2 768
Loans to group companies - SKS Shipowning II AS.....	24 275	15 597
Loan to group companies - SKS Shipowning III AS.....	20 460	26 310
Loans to group companies - Kristian Gerhard Jebsen Group AS	31 505	0
Loans to group companies - Jebsen Group AS	12 020	0
Total	103 607	44 674

Interest is charged based on Nibor/Libor interest rates plus a margin.

12. Inventories

Inventories comprise mainly of vessels' stock of lubrication oils. See note 2 I.

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13. Other current assets

For the years ended 31 December (in US Dollar thousands)	2020	2019
Prepaid expenses	2 886	975
Other receivables	8 890	2 862
Total	11 776	3 837

14. Cash and cash equivalents

For the years ended 31 December (in US Dollar thousands)	2020	2019
Cash in bank	22 939	21 527
Total	22 939	21 527

15. Share capital and shareholder information

At 31 December 2020 the share capital of the Company consists of one class of 999 996 ordinary shares at NOK 720 each.

Ownership structure	Number of shares	Share of ownership	Voting rights
SKS Tankers Holding AS	999 996	100.0%	100.0%

16. Interest bearing debt

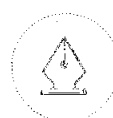
For the years ended 31 December (in US Dollar thousands)	2020	2019
Non-current mortgage loan	35 208	340 082
Debt issue cost	- 342	- 650
Current portion mortgage loan	268 828	69 863
Total	303 694	409 295

Book value of mortgaged vessels:

For the years ended 31 December (in US Dollar thousands)	2020	2019
Total fleet	359 770	538 153

Book value of mortgaged vessels owned by SKS Shipowning I AS, SKS Shipowning II AS, SKS Shipowning III AS, Jebsen Group AS and Kristian Gerhard Jebsen Group AS amounts to USD 110.2 mill. in aggregate as per 31 December 2020 compared to USD 44.6 mill in 2019.

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The following table presents the scheduled and balloon repayment amounts over the next five years and thereafter, for loans drawn at 31 December 2020:

For the year ended 31 December 2020 (in US Dollar thousands)							
	2021	2022	2023	2024	2025	Thereafter	Total
Total	268 828	20 729	11 042	3 437	0	0	304 036

The Company's fleet is financed through seven credit facilities in US Dollars at floating interest rate and maturity from 2021 to 2024. Total amount outstanding per 31 December 2020 was USD 304.0 mill. On June 27 2018, the Group signed an agreement with all lenders to extend maturities in 2018/19/20 to 30 September 2021. On October 30th 2019, the Company signed an agreement with all lenders to lower the minimum cash covenant to USD 10 mill up until 30th March 2020. The minimum cash covenant will thereafter be equal to three months' ordinary instalments. All loans have a quarterly repayment schedule, and the borrower has options to defer parts of scheduled instalments.

All SKS vessels are pledged to lenders together with assignment of vessel earnings, and rights to insurance claims or any requisition compensation. The loan agreements contain certain covenants, which among other require:

- Current assets not to be less than the current liabilities minus 50% of the current portion of the long term debt.
- The aggregate market value of the fleet should at all times be no less than 100% until December 2020, then 120% thereafter.
- Minimum cash of USD 10 mill. up until 30 March 2020, and thereafter an amount equal to three months' instalments.

The Company was not in breach of any covenants during the year.

At the end of 2020, USD 268.8 mill. of the outstanding debt in SKS OBO & Tankers AS is classified as short term debt, whereof USD 239.5 mill. matures on 30 September 2021. SKS has initiated discussions with current lenders and KGJS as owner in order to secure refinancing of the loans or extensions of the 30 September maturities, including waivers of certain covenants, as part of its refinancing strategy.

17. Other current liabilities

For the years ended 31 December (in US Dollar thousands)		
	2020	2019
Accrued interest expenses	61	28
Accrued vessels related expenses	3 473	2 406
Other accruals	95	156
Total	3 628	2 589

18. Risk management and other hedging activities

Risk management

a. Credit risk

The Company is exposed to credit risk in the event of failure of counter-parties to meet their obligations under a trading transaction. The Company's theoretical risk is the cost of replacement at current market prices of such transactions in the event of default by counter-parties. However, counter-parties are established with high credit ratings, and management believes that the possibility of non-performance by the counter-parties is

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remote. The Company therefore regards its maximum exposure to credit risk as being the carrying amount of receivables and other current assets. No collateral is held as security against receivables, none of which are considered to be impaired. The Company does not believe it is exposed to any material concentrations of credit-risk.

b. Liquidity risk

The Company's strategy is to have adequate liquid assets either in form of cash and/or available credit facilities at all times.

c. Market risk

Market risk comprises interest rate- and currency risk, and other price risks. The Company's financial derivatives are aimed to mitigate currency and interest rate risk, as detailed below.

d. Interest rate risk

The Company is exposed to interest rate risk for debt with floating interest rates. The Company may enter into hedging instruments in order to hedge portions of its exposure to the floating interest rates. Realised gains or losses associated with such instruments are currently recorded as interest expenses.

e. Currency risk

The Company incurs operating expenses in Euro and Norwegian Kroner. The Company may enter into hedging instruments in order to hedge portions of its exposure to floating currency rates on forecast expenditures in Euro and Norwegian Kroner. Realised gains or losses associated with currency rate changes on forward currency contracts are recorded as other financial income/(expenses). At the reporting date the Company has no non-current monetary assets or liabilities in non-USD currencies.

f. Other risks

The Company is indirectly exposed to general freight and bunker price fluctuations, as all of the vessels are operated commercially through pools. To reduce such risks the Pool company may enter into bunker derivatives to hedge against fluctuations in the results for Contracts of Affreightments without World Scale compensation.

Financial derivatives and hedging

The Company effectively monitors its use of financial derivatives and the risks associated with them. To mitigate credit risk the Company contracts only with high quality counterparties. In addition, the Company's hedging policy establishes the use of defined market risk limits and timely reporting.

a. Hedge accounting:

The Company does not apply hedge accounting as per 31 December 2020.

b. Currency contracts:

The Company estimates future expenses in non-USD currencies and secures part of the net cash flow in non-USD currencies by using hedging instruments. All currency contracts are recognised at fair value. Changes in the fair value of such derivatives are recorded as other financial income/(expenses), see also note 9.

For the year ended 31 December 2020	Currency amount	Currency rate of exchange
USD sale against NOK	NOK 32 565	9,3527

c. Fair value financial derivatives:

The fair value of financial derivatives are based upon quotations obtained from banks or brokers that the Company would receive or would have to pay if the financial derivatives had been terminated/sold at the reporting date.



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The full fair value of a financial derivative is classified as a non-current asset or liability if the remaining maturity of the item is more than 12 months and, as a current asset or liability if the maturity of the item is less than 12 months.

Fair value

The following table presents the fair value of financial instruments:

For the years ended 31 December (in US Dollar thousands)	2020	2019
Current assets:		
Currency contracts	338	0
Total current assets	338	0
Current liabilities:		
Currency contracts	0	82
Total current liabilities	0	82

19. Contingencies

The Company maintains insurance coverage for its activities consistent with industry practice. In the course of 2020 the Company has not been involved in any incidents which have resulted in material loss or liability to the Company.

20. Covid-19

The Covid-19 pandemic developed rapidly in 2020 and the measures taken by various governments to contain the virus has had a negative effect on the global economy, including the international shipping industry. Travel restrictions imposed by governments around the world have created hurdles to crew changes and repatriation of seafarers, which has led to significant concerns for the safety of seafarers. Supply chain disruptions, shortage of workforce, port restrictions and implementation of social distancing measures in ports and shipyards have caused delays.

Overall, the Company's results was mainly impacted by an impairment of booked values for the vessel fleet of USD 34.8 mill. as the market values deteriorated throughout the year. Although the tanker market volatility in 2020 can be linked to the development of the global pandemic, the increase in rates and activity in the first half of the year was offset by the downturn in the second half. Because of numerous measures related to the health and safety of seafarers and increased cost related to travel, the Company experience a slight increase in operational expenses. Furthermore, the Company was forced to put scheduled special surveys on hold during Q2 2020 as a consequence of Covid-19 related challenges in selected yards. The schedule was resumed during Q3 2020 without significant financial impact for the Company.

Depending on the duration of the Covid-19 pandemic and any corresponding impact on the global tanker market, the Company might experience negative impact on business and results. However, the exact impact is uncertain and cannot be predicted.

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21. Subsequent events

On 5 February 2021, SKS OBO & Tankers AS signed a Memorandum of Agreement (“MOA”) to sell a SKS S-class vessel. According to the MOA, delivery will take place between 1 April and 15 May 2021. As a result of the agreed price of the vessel, the Company recognised an impairment in 2020 of USD 8.0 mill., ref note 8.

There has not been any other events that would materially impact the financial statements for 2020 after 31 December 2020.



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To the General Meeting of SKS Obo & Tankers AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SKS Obo & Tankers AS, which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

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 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 information in the annual report, except the financial statements and our auditor's report thereon.

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.

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Independent Auditor's Report - SKS Obo & Tankers AS



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 and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and a true and fair view of the financial statements in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, 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 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

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 proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

(2)



Independent Auditor's Report - SKS Obo & Tankers AS



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's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 8 March 2021
PricewaterhouseCoopers AS

Fredrik Gabrielsen
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Gabrielsen, Fredrik	BANKID_MOBILE	2021-03-08 11:11

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Skattedirektoratet

Saksbehandler
Rune Tystad

Telefon
977 59 464

Dergs.dato
18.11.2011

Deres referanse
Nicholas Nunn

Vår dato
28.11.2011

Vår referanse
2011/1133256

Kristian Gerhard Jebsen Skipsrederi AS
Folke Bernadottes vei 38
5147 FYLLINGSDALEN

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for Kristian Gerhard Jebsen Skipsrederi AS med datter- og datterdatterselskaper

Det vises til deres brev av 18. november 2011 til Finansdepartementet hvor søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskapet:

Kristian Gerhard Jebsen Skipsrederi AS (konsern), org.nr. 914 530 393
KGJ Cement AS, org.nr. 892 749 132
Cement Shipinvest AS, org.nr. 987 625 295
SKS Obo & Tankers AS, org.nr. 930 197661
KGJS Tank AS, org.nr. 952 969 560
SKS Tankers Holding AS, org.nr. 993 452 009
Norship AS, org.nr. 936 101 283

Da Finansdepartementets kompetanse etter regnskapsloven § 3-4 tredje ledd annet punktum er delegert til Skattedirektoratet, er søknaden oversendt oss for behandling.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Kristian Gerhard Jebsen Skipsrederi AS med datter- og datterdatterselskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

Kristian Gerhard Jebsen Skipsrederi AS er et internasjonalt konsern som har som hovedbeskjeftigelse å eie og drive skip herunder utføre administrative oppgaver som befraktning, operasjon og teknisk drift. Det er på telefon opplyst at selskapet er eid av Pyne Ltd med 61,2 %, Tom Dahl AS med 30,8 % og Stiftelsen Kristian Gerhard Jebsen med 8 %. Selskapene det søkes om dispensasjon for foruten morselskapet Kristian Gerhard Jebsen Skipsrederi AS, er alle direkte eller indirekte 100 % eid av morselskapet. Det er opplyst at konsernets arbeidsspråk er engelsk. Konsernet utarbeider i dag årsregnskaper både på norsk og engelsk for en rekke av sine datterselskaper. Konsernet er av internasjonal karakter innenfor skipsfart og dette innebærer at selskapet må utarbeide engelsk versjon av konsernregnskapet samt for en rekke tilhørende datterselskaper for å tilfredsstille kravene til sine bankforbindelser, kunder, leverandører etc. De norske versjonene utarbeides kun for å tilfredsstille regnskapsloven.

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Skattedirektoratets vurdering

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

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

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

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

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

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at konsernet er av internasjonal karakter innenfor skipsfart og at dette innebærer at selskapet må utarbeide engelsk versjon av konsernregnskapet samt for en rekke tilhørende datterselskaper for å tilfredsstille kravene til sine bankforbindelser, kunder, leverandører etc. Det er videre lagt vekt på at konsernets arbeidsspråk er engelsk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad