



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 952 969 560  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: KGJS TANK AS  
Forretningsadresse: Zander Kaaes gate 7  
5015 BERGEN

### Regnskapsår

Årsregnskapets periode: 01.01.2017 - 31.12.2017

### 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: Irene Neteland  
Dato for fastsettelse av årsregnskapet: 26.06.2018

### Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert  
År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

*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, 11.09.2019



### Resultatregnskap

Beløp i: USN	Note	2017	2016
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Operating income	3,4	11 363 000	17 569 000
<b>Sum inntekter</b>		<b>11 363 000</b>	<b>17 569 000</b>
<b>Kostnader</b>			
Timecharter expenses	3,5	15 124 000	16 569 000
General and administrative expenses	3,6,7	30 000	14 000
<b>Sum kostnader</b>		<b>15 154 000</b>	<b>16 583 000</b>
<b>Driftsresultat</b>		<b>-3 791 000</b>	<b>986 000</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		2 000	39 000
Annen renteinntekt		6 000	3 000
Currency gain	9	248 000	10 000
<b>Sum finansinntekter</b>		<b>256 000</b>	<b>52 000</b>
Impairment losses	8	8 800 000	3 600 000
Currency loss	9	239 000	80 000
<b>Sum finanskostnader</b>		<b>9 039 000</b>	<b>3 680 000</b>
<b>Netto finans</b>		<b>-8 783 000</b>	<b>-3 628 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-12 574 000</b>	<b>-2 642 000</b>
Tax	10	0	-2 304 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-12 574 000</b>	<b>-338 000</b>
<b>Årsresultat</b>		<b>-12 574 000</b>	<b>-338 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		-12 574 000	-338 000
<b>Sum overføringer og disponeringer</b>		<b>-12 574 000</b>	<b>-338 000</b>



## Balanse

Beløp i: USN	Note	2017	2016
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investeringer i tilknyttet selskap	8	17 281 000	26 038 000
Lån til tilknyttet selskap og felles kontrollert virksomhet	3,12		291 000
<b>Sum finansielle anleggsmidler</b>		<b>17 281 000</b>	<b>26 329 000</b>
<b>Sum anleggsmidler</b>		<b>17 281 000</b>	<b>26 329 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Other receivables	13		177 000
Konsernfordringer	3	2 035 000	13 983 000
<b>Sum fordringer</b>		<b>2 035 000</b>	<b>14 160 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	14	28 000	2 955 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>28 000</b>	<b>2 955 000</b>
<b>Sum omløpsmidler</b>		<b>2 063 000</b>	<b>17 115 000</b>
<b>SUM EIENDELER</b>		<b>19 344 000</b>	<b>43 444 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	15	1 652 000	1 652 000
Overkurs		5 265 000	5 265 000
<b>Sum innskutt egenkapital</b>		<b>6 917 000</b>	<b>6 917 000</b>



## Balanse

<b>Beløp i: USN</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
<b>Opptjent egenkapital</b>			
Other equity		12 088 000	24 662 000
<b>Sum opptjent egenkapital</b>		<b>12 088 000</b>	<b>24 662 000</b>
<b>Sum egenkapital</b>		<b>19 005 000</b>	<b>31 579 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>0</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	16	336 000	7 000
Kortsiktig konserngjeld	3		11 858 000
Other liabilities	16	3 000	
<b>Sum kortsiktig gjeld</b>		<b>339 000</b>	<b>11 865 000</b>
<b>Sum gjeld</b>		<b>339 000</b>	<b>11 865 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>19 344 000</b>	<b>43 444 000</b>



## KGJS TANK AS

### STATEMENT OF CASH FLOWS

		<b>31 December</b>	<b>31 December</b>
		<b>2017</b>	<b>2016</b>
	<u>Notes</u>	<u>USD 000</u>	<u>USD 000</u>
<b>Cash flows from operating activities:</b>			
Net income/(loss) before tax.....		-12 574	-2 642
Impairment losses/ (Reversal impairment losses).....	8	8 800	3 600
Changes in trade debtors .....		12 125	- 419
Changes in trade creditors.....		333	4
Changes in related party receivables/payables.....		-11 567	- 222
Net cash provided by operating activities .....		<u>-2 884</u>	<u>321</u>
<b>Cash flows from investing activities:</b>			
Investment in associates.....	8	- 44	-2 055
Net cash provided by/(used in) investing activities .....		<u>- 44</u>	<u>-2 055</u>
<b>Cash flow from financing activities:</b>			
Group contribution.....		0	- 27
Proceeds from capital increase and share premiums.....	15	0	2 055
Net cash provided by/(used in) financing activities .....		<u>0</u>	<u>2 028</u>
<b>Net increase/(decrease) in cash and cash equivalents .....</b>		<b>-2 927</b>	<b>293</b>
<b>Cash and cash equivalents at beginning of year.....</b>	<b>14</b>	<b>2 955</b>	<b>2 662</b>
<b>Cash and cash equivalents at end of year.....</b>	<b>14</b>	<b>28</b>	<b>2 955</b>



**Skattedirektoratet**

Saksbehandler  
Rune Tystad

Deres dato  
18.11.2011

Vår dato  
28.11.2011

Telefon  
977 59 464

Deres referanse  
Nicholas Nunn

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.

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland 0134 Oslo	Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org. nr: 996250318	800 80 000 Telefaks
For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>		22 17 08 60



### 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.”*

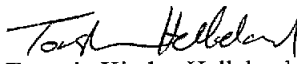
Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “*informative regnskaper for ulike grupper av regnskapsbrukere*”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

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 innbefatter 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



**KGJS TANK AS**

**STATEMENT OF CHANGES IN EQUITY**

	Share capital USD 000	Share premium USD 000	Other equity USD 000	Total equity USD 000
Equity at 31.12.2016.....	1 652	5 265	24 661	31 579
Net income 2017 .....	<u>0</u>	<u>0</u>	<u>-12 574</u>	<u>-12 574</u>
Equity at 31.12.2017.....	<u>1 652</u>	<u>5 265</u>	<u>12 087</u>	<u>19 005</u>



KGJS TANK AS

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

KGJS Tank 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 has one combination carrier of 121 000 dwt. (SKS M-class) and one Suezmax tanker of 159 000 dwt. (SKS S-class) on timecharter. Both vessels are commercially operated by the related pool entity SKS Pool AS (Pool Company). The Company owns 5 % of SKS OBO & Tankers 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 21 January 2008. 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 presented by order of type.

#### 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. 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.

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.

#### d. 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 on the income statement classified as financial items.

#### e. Cash and cash equivalents

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



KGJS TANK AS

## NOTES TO THE FINANCIAL STATEMENTS

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### **f. 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 established when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of the receivables.

### **g. Long term shareholding and other shares**

Subsidiaries, associated companies and other long-term shareholdings are recorded in the parent company using the cost method. Investments are tested regularly for impairment and written down to fair value unless considered temporary.

### **h. Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method if this is considered to be significant.

### **i. 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. A contingent asset will not be recorded in the accounts, but included as a note if it is likely that the Company will benefit from such asset.

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.

### **j. 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.

### **k. Revenue recognition**

The Company recognise revenue when the amount of revenue can be reliably measured and it is likely that future economic benefits will flow to the entity. Revenue is shown net of value-added tax, return rebates and discounts.

Operating income mainly comprise the Company's share of the Pool net revenue (PNR) for the corresponding periods from the Pool companies. 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 3c. The gross revenue in the Pools consists of freight, charter hire, demurrage and other operating related income. Revenue is recognised based on the



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## NOTES TO THE FINANCIAL STATEMENTS

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“discharge to discharge” method. Revenue and related voyage expenses not completed at year-end are recognised on the basis of the proportion of the voyage completed at the end of the reporting date.

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

### **l. 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 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.

### **m. 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.

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).

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.

### **n. Derivative financial instruments and hedging**

As part of an overall risk-management strategy the Company uses derivative financial instruments. The Company does not hold or issue derivative financial instruments for non-hedging or speculative purposes. These derivatives are used as means of hedging exposure to fluctuations in cash flows caused by changes in currency rates and interest rates.

All derivatives are recognised on 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 item being hedged. The effective portion of cash flow hedges is recognised in other comprehensive income (hedge accounting). The Company did not apply hedge accounting in 2017 or 2016.



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## NOTES TO THE FINANCIAL STATEMENTS

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

The Company had neither financial derivatives nor hedging contracts in 2017 or 2016.

### **o. 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 which do not split on segments.

The Company's management does not evaluate performance by geographical region as such information is not meaningful.

### **p. Financial assets**

Financial assets are classified as follows:

- at fair value through profit or loss
- loans and receivables
- financial assets available for sale

The classification depends on which purpose the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### Financial assets at fair value through profit or loss

Financial assets held for trading are presented at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of regular trading. Derivatives are in this category unless they are designated as hedges. Assets in this category are classified as current assets.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are classified as current assets. Such assets are categorised as non-current assets when maturity is greater than 12 months after the reporting date. The Company's loans and receivables comprise the balance sheet items "cash and cash equivalents" as well as "trade and other receivables".

#### Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

After initial recognition, available for-sale-investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised, or until the investment is determined to be impaired, at which time the cumulative loss previously reported is included in the income statement.

### **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. 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



KGJS TANK AS

## NOTES TO THE FINANCIAL STATEMENTS

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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.

### s. 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 enters into 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. Relationship with KGJS

KGJS provides the Company with administrative services and charges management fees. These costs amounted to USD 14 154 in 2017 compared to USD 12 760 in 2016 and is recorded in income statement as general and administrative expenses.

#### b. Relationship with SKS OBO & Tankers AS

The Company has one 121 000 dwt. combination carrier (SKS M-class) and one 159 000 dwt tank carrier (SKS S-class) on timecharter from SKS OBO & Tankers AS. During 2017 the Company paid USD 15.1 mill. in timecharter hire.

#### c. Relationship with the Pool companies

SKS Tankers Limited, SKS OBO Limited and SKS Pool AS (Pool companies) were/ are fully owned by SKS Tankers Holding AS. The activities in SKS Tankers Limited and SKS OBO Limited were transferred to SKS Pool AS 1 May 2017 and the companies were dissolved in December 2017. All Pool companies have entered into identical Pool agreements with the Company and in accordance with the agreements, the Company 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 each vessel has been on-hire during the year. On-hire days are weighted by vessel type according to earning capacity. The Pool companies are obliged, by the Pool agreements, to distribute all its surplus cash, after deducting ordinary working capital, to the owners of the vessels minimum on a monthly basis.



KGJS TANK AS

NOTES TO THE FINANCIAL STATEMENTS

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

For the year ended 31 December 2017  
(in US Dollar thousands)

	LR2/Aframax	Suezmax	Total
The Company's share of PNR .....	5 084	6 279	11 363

For the year ended 31 December 2016  
(in US Dollar thousands)

	LR2/Aframax	Suezmax	Total
The Company's share of PNR .....	7 660	9 908	17 569

The Company had the following receivables from and liabilities to related parties:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Loans to group companies – SKS Tankers Holding AS.	0	291
Total non-current loans to group companies	0	291

For the years ended 31 December (in US Dollar thousands)	2017	2016
Related party receivables – SKS Pool AS.....	2 035	0
Related party receivables – SKS OBO Limited.....	0	1 734
Related party receivables – SKS Tankers Limited.....	0	565
Related party receivables – KGJS.....	0	8 834
Related party receivables – SKS Shipowning II AS.....	0	2 851
Total current related party receivables	2 035	13 983

For the years ended 31 December (in US Dollar thousands)	2017	2016
Related party payables – KGJS .....	0	8 834
Related party payables – SKS Shipowning II AS.....	0	2 851
Related party payables – SKS Tankers Holding AS.....	0	173
Total current related party payables	0	11 858

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

The year end balances relating to the Pool companies are unsecured, interest free and repayable in cash on demand.



KGJS TANK AS

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Operating income

Operating income includes operating income from Pool companies, see note 3 c.

### IFRS 15 - Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. Based on initial assessment, the Company does not expect there to be a material impact on its financial statements from this standard. The standard is applicable for financial years commencing on or after 1 January 2018.

### 5. Timecharter expenses

Timecharter expenses include the following:

For the year ended 31 December 2017  
(in US Dollar thousands)

	LR2/Aframax	Suezmax	Total
Timecharter expenses.....	6 142	8 982	15 124
Total	6 142	8 982	15 124

For the year ended 31 December 2016  
(in US Dollar thousands)

	LR2/Aframax	Suezmax	Total
Timecharter expenses.....	6 588	9 981	16 569
Total	6 588	9 981	16 569

### 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)

	2017	2016
Administrative services.....	14	13
Statutory audit fees.....	3	3
Other audit services.....	13	- 4
Other expenses.....	0	2
Total	30	13

### 7. Salaries, benefits and number of employees.

The Company purchases all of its services from KGJS. Such services are covering all administrative services. As a consequence, the Company has no employees. There is no remuneration to the Company's board members.



KGJS TANK AS

NOTES TO THE FINANCIAL STATEMENTS

**8. Investments in associates**

For the year ended 31 December 2017 (in US Dollar thousands)	Registered office	Equity USD 000	Net result USD 000	Share/ voting rights	Book value USD 000
SKS OBO & Tankers AS.....	Bergen	345 273	-169 429	5%	17 238
KGJS Kysttank AS.....	Bergen	390	19	9%	44
					17 281

The Company has evaluated its investments for potential impairment losses. If the book value of shares is higher than the adjusted shareholders equity in the corresponding company, impairment occurs. Adjusted shareholder equity is calculated based on excess or less- values in the company.

Based on these calculations and evaluations the Company has in 2017 made an impairment of USD 8.8 mill. on its investment in SKS OBO & Tankers AS, compared to an impairment of USD 3.6 mill. in 2016.

**9. Other financial items**

For the years ended 31 December (in US Dollar thousands)	2017	2016
Currency gains.....	248	9
Currency losses.....	- 239	- 80
Total	9	- 70

**10. Taxes**

For the years ended 31 December (in US Dollar thousands)	2017	2016
Tax effect of group contribution.....	0	-2 804
Tax effect of financial deficit carried forward from 201	0	-2 630
Deferred tax benefit expensed.....	931	0
Changes in deferred tax – ordinary taxation.....	- 971	3 131
Changes in deferred tax - effect of changes in tax rate...	40	0
Total tax expense/ (income)	0	-2 304

Reconciliation of nominal and effective tax rate:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Net income/(loss) before tax.....	-12 574	-2 642
Estimated tax expense (24% / 25%).....	-3 018	- 660
Difference between estimated and actual tax expense...	3 018	-1 643
Total tax expense/(income)	0	-2 304



KGJS TANK AS

## NOTES TO THE FINANCIAL STATEMENTS

Specification of differences between estimated and actual tax expense:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Impairment financial assets.....	2 112	900
Financial deficit carried forward from 2010 .....	0	-2 630
Currency transaction and other permanent differences...	- 65	- 30
Effect of changes in tax rate .....	40	117
Effect of deferred tax benefit expensed.....	931	0
Total difference between estimated and actual tax expense	3 018	-1 643

The ruling from the High Court in relation to the disputed financial deficit carried forward from 2010 when exiting the Norwegian tonnage tax scheme in 2011 was in favour of the Company. The related financial deficit is therefore accounted for in 2016.

Effective from 1 January 2018 the Norwegian corporate tax rate was reduced from 24% to 23%. Deferred tax at 31 December 2017 is calculated using the new rate of 23%.

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 dollars in the specification.

Summary of temporary differences:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Taxable deficit.....	-4 046	0
Total basis for deferred tax(+)/tax benefit(-)	-4 046	0

Deferred tax and changes in deferred tax:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Deferred tax (+)/ tax benefit (-).....	- 931	0
Changes in deferred tax (+)/ benefit (-).....	- 931	501

Deferred tax benefit is excluded from the balance sheet due to uncertainty of future benefit.

Payable tax:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Payable tax .....	0	0
Group contribution – tax effect.....	0	0
Total payable tax	0	0



KGJS TANK AS

## NOTES TO THE FINANCIAL STATEMENTS

### 11. Non-current assets

Non-current assets not being recognised in the balance sheet.

The Company has entered into time charter agreements of hiring vessels which are not recognised in the balance sheet, but where hire is recorded under time charter expenses as follows:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Hire of LR2/Aframax vessels.....	6 142	6 588
Hire of Suezmax-vessel.....	8 982	9 981

Vessels time charter expense (in US Dollar thousands)	Due within 1 year	Due within 1 – 5 years	Thereafter	Total
1 LR2/Aframax vessel.....	2 400	0	0	2 400
1 Suezmax vessel.....	2 992	0	0	2 992

As per 31 December 2017 the company has one combination carrier (SKS M-class) and one Suezmax (SKS S-class) on short-term timecharter.

As per 31 December 2017 the Company has made no provisions for these timecharter contracts, ref. note 16.

### 12. Non-current receivables

For the years ended 31 December (in US Dollar thousands)	2017	2016
Loans to group companies – SKS Tankers Holding AS.	0	291
Total	0	291

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

### 13. Trade receivables and other current receivables

For the years ended 31 December (in US Dollar thousands)	2017	2016
Other receivables.....	0	176
Total	0	176



KGJS TANK AS

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Cash and cash equivalents

For the years ended 31 December (in US Dollar thousands)	2017	2016
Cash in bank.....	28	2 955
Total	28	2 955

### 15. Share capital and shareholder information

At 31 December 2017 the share capital of the Company consist of one class of 1 000 ordinary shares at NOK 9 400 each.

Ownership structure	Number of shares	Share of Ownership	Voting Rights
SKS Tankers Holding AS	1 000	100%	100%

### 16. Trade and other payables

For the years ended 31 December (in US Dollar thousands)	2017	2016
Trade payables.....	336	0
Other liabilities.....	3	6
Total	339	6

### 17. 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 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 aims to have adequate liquid assets and/or available credit lines at any time.

#### c. Market risk

Market risk comprises interest rate- and currency risk, and other price risks. The Company has no financial derivatives of which the fair value would fluctuate because of changes in other prices.

#### d. Interest rate risk

The Company is exposed to interest rate risk for debt to with floating interest rates.



KGJS TANK AS

## NOTES TO THE FINANCIAL STATEMENTS

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e. Currency risk

The Company incurs immaterial net expenses in Norwegian Kroner. As per year-end the Company has no non-current monetary asset or liabilities in non-USD currencies.

f. Other risks

As all of the vessels are operated commercially through pools, the Company is indirectly exposed to general freight and bunker price fluctuations. To reduce such risks the Pool companies enters into bunker derivatives to hedge against fluctuations in the results for Contracts of Affreightments (COAs) without World Scale (WS) compensation.

### **Financial derivatives and hedging**

At 31 December, 2017 and 2016 the Company has neither financial derivatives nor hedging contracts.

### **18. Contingencies**

In the course of 2017, the Company has not been involved in any incidents which have resulted in material loss or liability to the Company.

### **19. Subsequent events**

There has been no events that would materially impact the financial statements for 2017 after 31 December 2017.



To the General Meeting of KGJS Tank AS

## *Independent Auditor's Report*

### *Report on the Audit of the Financial Statements*

#### *Opinion*

We have audited the financial statements of KGJS Tank AS which comprise the balance sheet as 31 December 2017, 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 present fairly, in all material respects, the financial position of the Company as at 31 December 2017, 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 the Board of Directors' report, but does not include 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.

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.

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T: 02316, org. no.: 987 009 713 MVA, www.pwc.no  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - KGJS Tank AS

### *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 fair presentation 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.

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 the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

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Independent Auditor's Report - KGJS Tank AS



audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### *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 coverage of the loss 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's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 8 March 2018  
**PricewaterhouseCoopers AS**

  
Fredrik Gabrielsen  
State Authorised Public Accountant



## DIRECTORS' REPORT 2017

### KGJS TANK AS (the Company)

#### **Business summary**

KGJS Tank 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 has one combination carrier of 121 000 dwt. (SKS M-class) and one Suezmax tanker of 159 000 dwt. (SKS S-class) on timecharter. Both vessels are commercially operated by the related pool entity SKS Pool AS (Pool Company). The Company owns 5 % of SKS OBO & Tankers AS.

#### **Result**

The net loss for 2017 was USD 12.6 mill. compared to USD 0.3 mill. in 2016. An impairment loss of USD 8.8 mill. make up the majority of the net loss, in a challenging year for the tanker industry.

The variance between the result and the cash flow from operating activities is mainly due to the impairment of non-current assets.

The board recommends that the Company's net loss of USD 12.6 mill. is transferred to other equity.

#### **Investments**

Total investment in non-current assets amounted to USD 17.3 mill. at the end of 2017.

#### **Liquidity and financing**

The Company aims to have adequate liquidity in the form of cash and/or available credit facilities. At the end of 2017 the cash reserve was USD 28 000.

#### **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 available cash, planned investments and projected cash flow, the Company believes it has a satisfactory financial position.

#### **Risks**

The risks that the Company is exposed to can generally be divided into three main categories: industry and market-related risks, operational risks and financial risks. Industry, market and operational risks relate indirectly to its revenues. Financial risks consists primarily of interest and currency rate exposure. To mitigate such risks, the Company and the Pool company use financial instruments (as described in note 17 to the accounts), contracts of affreightment and time-charters.



**Health, safety and environment**

Vessel operation in general can potentially cause pollution or other incidents. The Company timecharter tankers equipped in accordance with international rules and regulations. The management of the vessels focuses on reducing risks with the use of qualified personnel and well-developed routines.

The Company has no employees.

**Outlook**

Net fleet growth is expected to remain high in the crude and product tanker segments. This may reduce fleet utilization and put pressure on freight rates. Demand for transportation of crude oil and refined products is expected to be volatile, as are bunker prices.

Bergen, 8 March 2018

The board of directors of  
KGJS Tank AS

Hans Peter Jølsen  
Board member

Jan Pedersen  
Chairman

Jarle Haugsdal  
Board member

Torstein Gjærder Bruvik  
Board member

Geir Bruvik Mjelde  
CEO