



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 967 074 888
Organisasjonsform: Aksjeselskap
Foretaksnavn: CHAMPION SHIPPING AS
Forretningsadresse: Tveiteråsvegen 12
5232 PARADIS

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: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Karl L. Kvalheim
Dato for fastsettelse av årsregnskapet: 07.07.2021

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, 10.08.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Operating revenues		44 312 703	57 469 059
Gain on sold vessels	2	3 385 371	
Sum inntekter		47 698 074	57 469 059
Kostnader			
Crew expenses	1	6 907 862	8 569 432
Ordinary depreciations	2	5 666 205	6 577 647
Nedskrivning av varige driftsmidler og immaterielle eiendeler	2		
Voyage expenses	5	18 048 706	27 272 116
Insurance premiums		1 130 091	1 155 796
Spares, repairs and maintenance		3 813 031	4 008 705
Lubricating oil		501 106	587 359
Management expenses		887 641	1 079 289
T/C hire expenses			2 009 405
Other operating expenses	1	976 802	1 195 513
Sum kostnader		37 931 444	52 455 261
Driftsresultat		9 766 630	5 013 798
Finansinntekter og finanskostnader			
Income from subsidiaries	3		
Annen renteinntekt		864	9 341
Net currency gain/(loss)		-1 493	-8 952
Sum finansinntekter		-629	389
Write-down of financial assets	8		89 000
Annen rentekostnad		1 491 037	2 644 486
Other financial expenses		17 268	9 111
Sum finanskostnader		1 508 304	2 742 598
Netto finans		-1 508 933	-2 742 209
Ordinært resultat før skattekostnad		8 257 696	2 271 589
Taxes	3	38 899	43 238



Resultatregnskap

Beløp i: USD	Note	2020	2019
Ordinært resultat etter skattekostnad		8 218 797	2 228 351
Årsresultat		8 218 797	2 228 351
Årsresultat etter minoritetsinteresser		8 218 797	2 228 351
Totalresultat		8 218 797	2 228 351
Overføringer og disponeringer			
Allocated to other equity/ (transferred from other equity)		8 218 797	2 228 351
Sum overføringer og disponeringer	7	8 218 797	2 228 351



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessels	2, 4	42 483 655	49 375 274
Docking	2	2 720 445	325 132
Sum varige driftsmidler		45 204 100	49 700 406
Finansielle anleggsmidler			
Investments in shares	8	239 539	239 539
Sum finansielle anleggsmidler		239 540	239 540
Sum anleggsmidler		45 443 640	49 939 945
Omløpsmidler			
Varer			
Fordringer			
Accounts receivables		450 320	2 102 901
Stores		1 459 585	1 701 599
Other receivables	5	5 212 433	4 624 258
Sum fordringer		7 122 338	8 428 759
Bankinnskudd, kontanter og lignende			
Cash and bank deposits	4	3 209 492	3 043 941
Sum bankinnskudd, kontanter og lignende		3 209 492	3 043 941
Sum omløpsmidler		10 331 830	11 472 700
SUM EIENDELER		55 775 470	61 412 646

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

Beløp i: USD	Note	2020	2019
Innskutt egenkapital			
Share capital	6	1 019 918	1 019 918
Overkurs	7	1 526 188	1 526 188
Sum innskutt egenkapital		2 546 106	2 546 106
Opptjent egenkapital			
Other equity	7	16 350 961	8 132 163
Sum opptjent egenkapital		16 350 961	8 132 163
Sum egenkapital		18 897 067	10 678 269
Gjeld			
Langsiktig gjeld			
Utsatt skatt	3		
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	4	29 209 282	41 765 282
Loans from group companies		1 427 837	1 394 753
Shareholder loans	10	190 548	186 134
Sum annen langsiktig gjeld		30 827 667	43 346 169
Sum langsiktig gjeld		30 827 667	43 346 169
Kortsiktig gjeld			
Liabilities to financial institutions	4		
Leverandørgjeld		1 877 733	1 998 317
Taxes payable	3	38 500	43 276
Public taxes payable			275
Other short term liabilities and provisions	9	4 134 503	5 346 338
Sum kortsiktig gjeld		6 050 736	7 388 207
Sum gjeld		36 878 403	50 734 376
SUM EGENKAPITAL OG GJELD		55 775 470	61 412 646



Champion Shipping AS
Financial Statements 2020



CHAMPION SHIPPING AS

Directors' Report 2020

Operating activities

Champion Shipping AS is a shipowning company located in Bergen, Norway, with a fleet of MR size chemical/product tankers.

Champion Tankers is acting as commercial manager for the vessels owned by Champion Shipping AS. Champion Tankers operates at any given time 18-23 vessels within the Edible oil/Fertilizer/Caustic Soda market and is firmly established as one of the leading and most reputable commercial operators/owners in this niche. This reputation is a result of close co-operation with several of the major industrial charterers in our trade.

Financial and operational review

In 2020 Champion Shipping AS generated operating revenues of USD 44,3 mill, compared to USD 57,5 mill for the year 2019, and gain from sale of vessels was USD 3,4 mill. Total revenues were USD 47,7 mill. Net voyage income/(TCE earnings) was USD 26,3 mill, down from USD 30,2 mill for the financial year 2019. The reduction in revenues and TCE earnings are due to fleet reduction.

EBITDA is USD 15,4 mill up from USD 11,6 mill in 2019.

Operating profit (EBIT) is USD 9,8 mill compared to USD 5,0 mill in 2019.

The net profit for the year is USD 8,2 mill up from USD 2,2 mill for the previous year.

Three of the vessels went through scheduled dry-docking during 2020, resulting in 67 days off hire. Technical problems resulted in 9 off hire days.

One vessel has been out of service since 2018 due to main engine break down. This has resulted in significant cost and loss of revenue and no earnings in a good market. All owners' cost and expenses have been funded by operating cash flow. Total accumulated cost are in excess of USD 9 mill. The company has declared constructive total loss (condemnation) to the underwriters. The underwriters have not accepted the company's request for condemnation, and the claim has been brought to court. In April 2021 the district court has returned its verdict which concludes that the company is entitled to receive the full insurance value as constructive total loss in addition to recover of expenses and all court costs. The underwriters disagree with the court's assessment that stricter environmental regulations will be imposed by the class society and flag state. The underwriters have lodged an appeal, and the case will be taken up to the court of appeal. The full effect of the outcome of the insurance case will affect the accounts when the case is closed, in 2022 at the earliest.

Operating expenses were in line with the previous years adjusted for fleet reduction.

TCE earnings per day showed an increase from 2019 to 2020 due to high rates in first half of 2020. In the second half of 2020, the COVID-19 virus outbreak had impact resulting in lower freight rates. However, the year as a whole gave more than 20% increase in TCE compared to 2019.

The financial position of the company is good. In March 2021 the equity is further improved by USD 10,9 mill in a share issue.



CHAMPION SHIPPING AS

Directors' Report 2020

Employees

The company has no employees and hence purchase services from well reputable companies based on a long-term relationship.

Environmental risk

Our vessels mainly transport edible products and to a lesser extent petroleum products, and we consider the risk of severe environmental accidents as low. Nevertheless, the company acknowledges that our operations may have environmental impact. The technical operations of the vessels are handled by recognised managers with extensive experience. Constant focus on preventing pollution is a natural part of our activities in which we invest substantial resources. Through the company's own internal control procedures and the technical managers' Quality Assurance Systems, all procedures and routines for preventing pollution and environmental impact, are continuously monitored.

Financial risk and risk management

The Company is exposed to financial risk. All revenues are denominated in USD. A large part of the operating expenses are denominated in USD. To minimise currency risk, all loans are drawn in USD. However, there is currency risk related to operating expenses in other currencies than USD. The company is exposed to risk of changes in level of interest rate on interest-bearing debt. Credit risk is considered low due to most customers settling the invoice prior to cargo being discharged. A normal market situation will ensure a strong cash flow and low liquidity risk. Focus on cash management ensures sufficient liquidity to meet future obligations. The risk of increasing bunkers prices not covered by corresponding increase in freight rates, will always be a part of the risk picture. The company is exposed to risk related to fluctuations in market freight rates due to trading in the spot market. The company has reduced this risk to a certain degree by entering into long-term contracts of affreightment (COAs).

Market outlook

Our market segment is influenced by the Clean Petroleum Product (CPP) market in general. In the first half of 2020, the product tanker market improved significantly compared to previous years, driven by low crude oil prices resulting in all time high earnings for several months. In the second half of 2020, the COVID-19 virus outbreak had impact on the world trade in general resulting in lower demand for CPP and lower freight rates.

The TCE earnings were significantly reduced in fourth quarter of 2020, and this trend has continued in the first half of 2021. The outlook for our market segment in the near future appears challenging.

However, the latest trade projections suggest a bounce-back in seaborne trade volumes in the second half of 2021 as oil demand is expected to recover as a result of Covid-19 vaccination programmes worldwide. Additionally, the demand/supply balance within the product tanker market has started to improve. The MR fleet supply outlook is very favourable as the product tanker order book is at low levels not seen in many years.



CHAMPION SHIPPING AS ***Directors' Report 2020***

Going concern

The Board of Directors confirms that the annual accounts for 2020 have been prepared on a going concern basis.

It is the Board's opinion that the financial statements provide a fair view of the Company's assets and liabilities, financial position and results.

Bergen, 30th of June 2021

Karl L. Kvalheim
Chairman/Managing Director

Jakob B. Kvalheim
Board Member



Champion Shipping AS

Income Statement

(USD)

NOTES	OPERATING REVENUES AND EXPENSES	2020	2019
2	Operating revenues	44 312 703	57 469 059
	Gain on sold vessels	3 385 371	0
	Total revenues	<u>47 698 074</u>	<u>57 469 059</u>
5	Voyage expenses	18 048 706	27 272 116
1	Crew expenses	6 907 862	8 569 432
	Insurance premiums	1 130 091	1 155 796
	Spares, repairs and maintenance	3 813 031	4 008 705
	Lubricating oil	501 106	587 359
	Management expenses	887 641	1 079 289
	T/C hire expenses	0	2 009 405
2	Ordinary depreciations	5 666 205	6 577 647
1	Other operating expenses	976 802	1 195 513
	Total operating expenses	<u>37 931 444</u>	<u>52 455 261</u>
	Operating profit	<u>9 766 630</u>	<u>5 013 798</u>
	FINANCIAL INCOME AND EXPENSES		
	Interest income	864	9 341
	Net currency gain/(loss)	-1 493	-8 952
8	Write-down of financial assets	0	89 000
	Interest expenses	1 491 037	2 644 486
	Other financial expenses	17 268	9 111
	Net financial items	<u>-1 508 933</u>	<u>-2 742 209</u>
	Net profit before taxes	<u>8 257 696</u>	<u>2 271 589</u>
3	Taxes	38 899	43 238
	Net profit/(loss) for the year	<u>8 218 797</u>	<u>2 228 351</u>
	ALLOCATIONS AND DISTRIBUTIONS		
	Allocated to other equity/ (transferred from other equity)	8 218 797	2 228 351
7	Total allocations and distributions	<u>8 218 797</u>	<u>2 228 351</u>



Champion Shipping AS
Balance Sheet as at 31 December
(USD)

NOTES	ASSETS	2020	2019
	Tangible fixed assets		
2, 4	Vessels	42 483 655	49 375 274
2	Docking	2 720 445	325 132
	Total tangible fixed assets	<u>45 204 100</u>	<u>49 700 406</u>
	Financial fixed assets		
8	Investments in shares	239 539	239 539
	Total financial fixed assets	<u>239 540</u>	<u>239 540</u>
	Total fixed assets	<u>45 443 640</u>	<u>49 939 945</u>
	Current assets		
	Debtors		
	Accounts receivables	450 320	2 102 901
	Stores	1 459 585	1 701 599
5	Other receivables	5 212 433	4 624 258
	Total receivables	<u>7 122 338</u>	<u>8 428 759</u>
4	Cash and bank deposits	3 209 492	3 043 941
	Total current assets	<u>10 331 830</u>	<u>11 472 700</u>
	TOTAL ASSETS	<u>55 775 470</u>	<u>61 412 646</u>

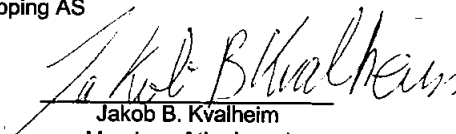


Champion Shipping AS
Balance Sheet as at 31 December
(USD)

NOTES	EQUITY AND LIABILITIES	2020	2019
	Equity		
	Paid-in capital		
6	Share capital	1 019 918	1 019 918
7	Share premium	1 526 188	1 526 188
	Total paid-in capital	<u>2 546 106</u>	<u>2 546 106</u>
	Retained earnings		
7	Other equity	16 350 961	8 132 163
	Total retained earnings	<u>16 350 961</u>	<u>8 132 163</u>
	Total equity	<u>18 897 067</u>	<u>10 678 269</u>
	Liabilities		
	Long term liabilities		
4	Liabilities to financial institutions	29 209 282	41 765 282
	Loans from group companies	1 427 837	1 394 753
10	Shareholder loans	190 548	186 134
	Total long term liabilities	<u>30 827 667</u>	<u>43 346 169</u>
	Short term liabilities		
	Trade creditors	1 877 733	1 998 317
3	Taxes payable	38 500	43 276
	Public taxes payable	0	275
9	Other short term liabilities and provisions	4 134 503	5 346 338
	Total short term liabilities	<u>6 050 736</u>	<u>7 388 207</u>
	Total liabilities	<u>36 878 403</u>	<u>50 734 376</u>
	TOTAL EQUITY AND LIABILITIES	<u>55 775 470</u>	<u>61 412 646</u>

Bergen, 30.06.2021
The board of Champion Shipping AS


Karl L. Kvalheim
Chairman of the Board/Managing Director


Jakob B. Kvalheim
Member of the board



Champion Shipping AS
Cash flow statement
(USD)

NOTES	CASH FLOW FROM OPERATING ACTIVITIES	2020	2019
	Profit before taxes	8 257 696	2 271 589
	Taxes paid	-43 675	-59 238
	Depreciations and impairments	5 666 196	6 577 647
	Write-down of financial assets	0	89 000
	Gain on vessels sold	-3 385 371	0
	Change in accounts receivables from customers	1 652 729	-714 652
	Change in trade creditors	-120 584	227 473
	Change in other current assets and other current liabilities	-1 558 419	-1 730 438
	Net cash flow from operating activities	<u>10 468 572</u>	<u>6 661 381</u>
	CASH FLOW FROM INVESTING ACTIVITIES		
	Sale of fixed assets	6 467 000	0
	Purchase of fixed assets	-4 251 519	-358 046
	Purchase of financial assets	0	-187 323
	Net cash flow from investing activities	<u>2 215 481</u>	<u>-545 369</u>
	CASH FLOW FROM FINANCING ACTIVITIES		
	Loan proceeds	37 498	80 886
	Loan repayment	-12 556 000	-7 225 000
	Financial lease payments	0	0
	Net cash flow from financing activities	<u>-12 518 502</u>	<u>-7 144 114</u>
	Net cash flow for the period	165 551	-1 028 102
	Cash and bank deposits as at 1.1.	3 043 941	4 072 043
	Cash and bank deposits as at 31.12.	<u>3 209 492</u>	<u>3 043 941</u>



Champion Shipping AS

Notes to the financial statements 2020

Note 0 – Accounting principles

The financial statements are prepared in accordance with The Norwegian Accounting Act of 1998. The accounting principles are described below.

Principal rule for valuation and classification of assets and liabilities

Assets meant for permanent ownership or use in the business are classified as fixed assets. Other assets are classified as current assets. Accounts receivables due within one year are classified as current assets. The classification of current and long term liabilities is based on the same criteria.

Fixed assets are carried at historical cost, but are written down if a decline in fair value below the carrying amount is expected to be permanent. Fixed assets with a limited economic life are depreciated in accordance with a reasonable depreciation schedule. Long-term loans are carried at nominal value.

Current assets are valued at the lower of historical cost and fair value. Current liabilities are carried at nominal value.

Other items are valued as described below.

Functional currency and presentation currency

These financial statements are presented in USD which is the functional currency of the company. All figures in the notes are expressed in USD.

Vessels

Vessels are recorded at their cost less accumulated depreciation. Vessel are depreciated on a straight-line basis over their estimated useful economic life. The useful life of the vessels is estimated at 25 years from the date of initial delivery from the shipyard. Depreciation is based on cost less estimated residual scrap value. Residual scrap value is estimated as the lightweight tonnage of each vessel multiplied by the estimated scrap value per ton.

Vessels are assessed for impairment when events or circumstances indicate the carrying amount of the asset may not be recoverable. An impairment charge 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 transaction costs, and value in use.

Value in use is estimated calculating future discounted net operating cash flows expected to be generated by the vessel over its remaining useful life. Net operating cash flows are determined by applying various assumptions regarding discount rate, useful life of the vessel, future net voyage income, operating expenses, scheduled dry-dockings, expected off hire and scrap values, and taking into account historical revenue data, future budgets and published forecast on future world economic growth.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). The total fleet is considered to be the cash-generating unit. Assessment on fleet level is based on the fact that all vessels are included in the same logistical system in which each vessel can replace any of the other vessels. Which vessel is allocated to which contract is depended on position and available loading capacity. Vessels decided to be sold, are not included in the fleet assessment for impairment testing, and carrying amount of such vessels is compared to fair market value less transaction costs.



Champion Shipping AS

Notes to the financial statements 2020

Note 0 continued – Accounting principles

Drydock expenditure and maintenance

Expenditures incurred when drydocking are capitalised and amortised until the next scheduled drydocking. At the time of purchasing the vessel, the acquisition price is decomposed to vessel and drydocking, and the drydocking is amortised until the next drydocking.

Expenses for routine maintenance and repairs are expensed as incurred.

When insured damages occur, insurance claims are recorded, net of any deductible amounts which are charged as expenses. Insurance claims are classified as short term receivables.

Inventories

Inventories consist of bunkers, lubricating oils and other consumables on board the vessels. Inventories are valued at the lower of cost or market value on a first-in-first-out basis.

Receivables

Trade receivables and other receivables are recorded at nominal value less provisions for expected losses. The loss provision is based on an individual assessment of each accounts receivable.

Investment in listed shares

Long-term investments in listed companies are recorded at cost. The investment will be written down to fair value when the reduced value is due to causes which are not deemed to be temporary.

Leasing

Leasing contracts are classified as financial or operational. A financial lease is a leasing contract whereby the main risk and rewards attributable to the ownership of an asset are transferred to the lessee. A finance lease is capitalized as a fixed asset with a corresponding liability recorded as long term debt. The asset is depreciated in accordance with a reasonable depreciation schedule, and the liability is reduced for lease payments less calculated interest expense.

Revenues

Revenues from voyage charters are recognised rateably on a discharge-to discharge basis. Revenue under voyage charters will not be recognised until a charter has been agreed even if the vessel has discharged its previous cargo and is proceeding to an anticipated port of loading.

Revenues from time charter contracts are recognised over the term of the charter based on onhire days.

Revenues on cutoff voyages are recognised based on the number of days before and after the balance sheet date.

Voyage expenses

All voyage expenses are recognised proportionally with the voyage revenues. Voyage expenses on cutoff voyages are recognised based on the number of days before and after the balance sheet date.

Taxes

Taxes charged as expense consist of payable tonnage tax. The company is included in the Norwegian Tonnage Tax Regime which entitles the company to tax exemption on profits derived from ship operations provided payment of tonnage tax. However, possible future net financial income will be taxed with a tax rate of 22%. There is no provision for deferred tax on potential net financial income in the accounts.



Champion Shipping AS
Notes to the financial statements 2020

Note 1 – Payroll costs, number of employees, remunerations etc.

Crew expenses	2019	2019
Crew expenses	6 907 862	8 569 432
Total crew expenses	6 907 862	8 569 432

The crew is hired from different technical managers.

Related parties

Companies owned by related parties have invoiced commercial management/broker fees of USD 820 539 and administration fees of USD 45 628.

Remunerations to executives

USD 11 720 is paid to board directors in 2020.

Auditors' fee

Auditor	2020	2019
Statutory audit	33 483	22 778
Taxation advice	-	1 267
Other services	7 383	-
Total	40 867	24 045



Champion Shipping AS

Notes to the financial statements 2020

Note 2 – Tangible fixed assets

	Vessels	Docking	Total
Aquisition cost 1.1.	133 550 608	7 380 161	140 930 769
Additions	423 464	3 828 071	4 251 535
Disposals	-32 375 000	-3 882 241	-36 257 241
Aquisition cost 31.12.	101 599 072	7 325 991	108 925 063
Accumulated depreciations and impairments	59 115 417	4 605 546	63 720 963
Balance sheet value as at 31.12	42 483 655	2 720 445	45 204 100
Ordinary depreciations	4 233 449	1 432 756	5 666 205
Impairment charges	0	0	0
Depreciation period	6-15 years	2,5 years	

Average broker valuations for the vessels total to USD 44,6 mill.

One vessel suffered a main engine breakdown in 2018 and is still out of service. The insurance claim case is not yet completed. The carrying amount of the vessel is included in the balance sheet together with vessels in operation.

Vessels which will be disposed of within a certain time horizon, are not included in the fleet assessment for impairment testing. The carrying amounts for these vessels are tested against broker valuations. Our calculations show sales value exceeding carrying amount with more than USD 2 mill for these vessels.

Value in use (discounted cash flows) is used in our impairment testing of vessels included in the fleet assessment. No impairment losses are recognised in 2020.

Discounted cash flows are determined by applying the following assumptions:

- Net future voyage income reflecting market rates
- Operating expenses (opex)
- Scheduled dry-dockings
- Expected off hire
- Scrap values
- Expected Economical life of the vessel
- Discounting factor

Net future voyage income is estimated based on historical average earnings adjusted for inflation and budget for 2020. Estimated operating expenses are based on actual opex for 2020 and budget for 2021. An estimated interest rate based on long-term financing including risk premium is used as discounting factor. The rate used is 10,6%.

Sensitivity testing of our calculations shows that a reduction of USD 2.000 per day in net future voyage income would result in an impairment charge of USD 0,3 mill.



Champion Shipping AS

Notes to the financial statements 2020

Note 3 – Taxes

The tax expense for the year consists of;	USD
Tax payable on net financial income of the year	399
Tonnage tax for the year	<u>38 500</u>
Taxes	<u>38 899</u>

Net financial losses brought forward amount to USD 9,7 mill. Deferred tax asset related to losses brought forward is not recognised in the balance sheet.

Taxes payable in the balance sheet consist of;	2020	2019
Current liabilities:	USD	USD
Tonnage tax	<u>38 500</u>	<u>43 276</u>
Total taxes payable	<u>38 500</u>	<u>43 276</u>

Note 4 – Long term liabilities, mortgages and guarantee liabilities

Mortgages and guarantee liabilities	2020	2019
	USD	USD
Balance sheet value of mortgage debt	29 209 282	41 765 282

Balance sheet value of pledged assets	2020	2019
	USD	USD
Vessels	45 204 100	49 700 406
Accounts receivables	450 320	2 102 901
Stores	1 459 585	1 701 599
Cash and bank deposits	<u>2 738 271</u>	<u>3 043 941</u>
Total	<u>49 852 276</u>	<u>56 548 847</u>



Champion Shipping AS

Notes to the financial statements 2020

Note 4 continued – Long term liabilities, mortgages and guarantee liabilities

Debt payable after 5 years:

	2020	2019
	USD	USD
Long term debt to financial institutions	0	0
Total	<u>0</u>	<u>0</u>

Maturity date of the loan is 30th of September 2022. Financial covenants are met as per 31 December 2020.

Instalment profile of long-term debt to financial institutions;

Year	USD
2021	5 600 000
2022	23 609 282
Total	<u>29 209 282</u>

Note 5 – Insurance claim

In August 2018 one vessel suffered a main engine break down. The vessel is still out of service. The company has declared constructive total loss (condemnation) to the underwriters. The underwriters represented by Gard as claims handler, have not accepted the company's request for condemnation, and the claim has been brought to court.

In April 2021 the Aust-Agder District Court has returned its verdict which concludes that the company is entitled to receive the full insurance value as constructive total loss in addition to recover of all court costs.

Gard have lodged an appeal, and it is anticipated that the case will be taken up to the court of appeal in the beginning of year 2022.

All expenses related to warm lay-up of the vessel have been posted to operating expenses in the period August 2018 to July 2020. These expenses have been charged to the profits according to a prudent accounting concept although they may be recoverable from the underwriters.

Expenses related to cold lay-up of the vessel and other direct expenses have been recognised as short-term receivables and tested for expected losses.

If the verdict from the district court remains, the insurance claim will result in a gain compared to the carrying amount of the vessel and the prudent book value of the claim for incurred expenses.



Champion Shipping AS

Notes to the financial statements 2020

Note 6 – Share capital and shareholder information

The share capital is USD 1 019 918. The share capital as at 31 December in NOK:

	Number of shares	Nominal value	NOK
Share capital	65 030	100	6 503 000

Owner structure

The shareholders of the company as at 31 December were:

Name	Number of shares	Owner stake
Nesttun Invest AS	55 534	85,40 %
Nest Trading AS	3 102	4,77 %
Skagerak Holding Pte Ltd	4 418	6,79 %
Champion Tankers AS	1 839	2,83 %
Transportfinans AS	137	0,21 %
Total	65 030	100,00 %

Number of shares controlled by board directors are 57 373 shares corresponding to 88% of the shares.

Note 7 – Equity

	Share capital	Share premium	Retained earnings	Total
Equity at 1.1.	1 019 918	1 526 188	8 132 164	10 678 270
Profit for the year			8 218 797	8 218 797
Equity at 31.12.	1 019 918	1 526 188	16 350 961	18 897 067

Note 8 – Financial assets

Financial fixed assets include an investment in a Croatian listed company owned as a strategic investment.



Champion Shipping AS

Notes to the financial statements 2020

Note 9 – Contingent liabilities

The accounts include a provision related to the bankruptcy of OW Bunkers/Bergen Bunkers in 2014. The dispute with the bankruptcy estate is not yet concluded. The remaining provision as at 31 December 2020 is USD 460 806 and reflects the risk of double payment of one bunkers invoice. The provision is posted as a short-term liability in the balance sheet statement.

Note 10 – Shareholder loans

The shareholders have granted a subordinated and unsecured loan of USD 1,5 mill. Interest rate is 2,5% p.a.

Note 11 - Subsequent events

In March 2021 the company purchased a vessel at a price of USD 23 mill. In this connection, the equity has been increased by USD 10,9 mill in a share issue, and the mortgage loan has been increased by USD 14 mill.

In April 2021 the district court has decided the pending insurance case after the main engine breakdown that occurred in August 2018. See note 5.



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To the General Meeting of Champion Shipping AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Champion Shipping AS showing a profit of USD 8.218.797. The financial statements comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the 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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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.

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 in accordance with law and regulations, including a true and fair view of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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Organisasjonsnummer: 980 211 282

Pennco Dokumentnr/ekel: DPDDT-SG26W-EKOHX-E8KU-1ZVV-880LW



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Independent Auditor's Report -
Champion Shipping AS

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 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 a true and fair view.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption 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, 7 July 2021
Deloitte AS

Bjarne Ryland
State Authorised Public Accountant (Norway)



PENNEO

Bjarne Ryland

Statsautorisert revisor

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Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 05.12.2016	Vår dato 12.12.2016
Telefon 22078139	Deres referanse Tone B. Solstad	Vår referanse 2016/1190826

CHAMPION TANKERS AS
Postboks 413 Nesttun
5853 BERGEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

— Vi viser til deres brev av 5. desember 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

Champion Shipping AS	org.nr. 967 074 888
Champion Tankers AS	org.nr. 980 512 738
Trust AS	org.nr. 996 330 389
Ebony AS	org.nr. 814 720 942

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de ovennevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Selskapene inngår i Nesttun Invest konsernet der konsernspissen er Nesttun Invest AS. Konsernet driver med rederivirksomhet. Virksomheten foregår i utlandet. Arbeidsspråket er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

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

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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 kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene inngår i et konsern. Eierkretsen er begrenset. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

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