



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 916 116 934
Organisasjonsform: Aksjeselskap
Foretaksnavn: SKS SHIPOWNING III 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: Ja
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, 12.09.2019



Resultatregnskap

Beløp i: USD	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Gross revenue	4	0	2 981 000
Sum inntekter		0	2 981 000
Kostnader			
Depreciation and amortisation	8	0	886 000
Voyage expenses	5	0	160 000
Vessel operating expenses	3, 5	-13 000	1 574 000
General and administrative expenses	3,6,7	3 000	113 000
Other gains/losses	8	0	1 423 000
Sum kostnader		-10 000	4 156 000
Driftsresultat		10 000	-1 175 000
Finansinntekter og finanskostnader			
Currency gains	9	11 000	7 000
Sum finansinntekter		11 000	7 000
Rentekostnad til foretak i samme konsern	3	3 000	207 000
Currency losses	9	19 000	6 000
Other financial items	9		2 000
Sum finanskostnader		22 000	215 000
Netto finans		-11 000	-208 000
Ordinært resultat før skattekostnad		-1 000	-1 383 000
Tax	10		-319 000
Ordinært resultat etter skattekostnad		-1 000	-1 064 000
Årsresultat		-1 000	-1 064 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-1 000	-1 064 000
Sum overføringer og disponeringer		-1 000	-1 064 000



Balanse

Beløp i: USD	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	235 000	235 000
Sum immaterielle eiendeler		235 000	235 000
Sum anleggsmidler		235 000	235 000
Omløpsmidler			
Varer			
Fordringer			
Konsernfordringer	3		557 000
Sum fordringer			557 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	11	32 000	36 000
Sum bankinnskudd, kontanter og lignende		32 000	36 000
Sum omløpsmidler		32 000	593 000
SUM EIENDELER		267 000	828 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share Capital	12	36 000	24 000
Annen innskutt egenkapital		224 000	28 000
Sum innskutt egenkapital		260 000	52 000
Sum egenkapital		260 000	52 000
Sum langsiktig gjeld		0	0



Balanse

Beløp i: USD	Note	2017	2016
Kortsiktig gjeld			
Kortsiktig konserngjeld	3		757 000
Trade and other payables	13	7 000	19 000
Sum kortsiktig gjeld		7 000	776 000
Sum gjeld		7 000	776 000
SUM EGENKAPITAL OG GJELD		267 000	828 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Journalnummer: 2018 859125

Enheten

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Organisasjonsform: Aksjeselskap
Foretaksnavn: SKS SHIPOWNING III AS
Forretningsadresse: Zander Kaaes gate 7
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Regnskapsår

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Konsern

Morselskap i konsern: Nei

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Regler for små foretak benyttet: Ja
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: Årsregnskap er elektronisk innlevert.
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Brønnøysundregistrene, 04.08.2018

Brønnøysundregistrene

Postadresse: Postboks 900, 8910 Brønnøysund
Telefoner: Opplysningstelefonen 75 00 75 00 Administrasjonen 75 00 75 09 Telefaks 75 00 75 05
E-post: fimapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673



Organisasjonensnr: 916 116 934
SKS SHIPOWNING III AS

RESULTATREGNSKAP

Beløp i: USD	Note	2017	2016
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Organisasjonsnr: 916 116 934
SKS SHIPOWNING III AS

BALANSE

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Organisasjonnr: 916 116 934
SKS SHIPOWNING III AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Regnskapsprinsipper

1. General information SKS Shipowning III 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 no vessels. One combination carrier of 110 000 dwt. (SKS T-class), trading in the LR2/Aframax market, was sold during 2016. Technical management of the vessel was provided by KGJ Bulk Fleet Management AS (directly owned by KGJS).

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.

f. Non-current assets Non-current 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 non-current 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, while periodic maintenance costs are amortised over the period until the next periodic maintenance. The periodic 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. g. 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. h. 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. i. 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. Gross revenue consists of freight, charter hire, demurrage and other operating related income. Revenue is recognised based on the ?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. j. Voyage expenses Voyage expenses consist of bunkers consumed, port expenses, other voyage costs, commissions, freight hire expenses and bunker hedges. Voyage expenses represent the amount payable on voyages completed by the end of the year and pro-rata proportion of all voyages and time charters which are still incomplete at end of the reporting period. Freight and hire expenses are recognised upon delivery of service in accordance with the charter parties concluded. k. 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.

Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinære aksjer	1000.00	300.00	300000.00

<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
SKS Tankers Holding AS	1000.00	100.00%	Ordinære aksjer

<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>	
	1000.00	100.00%	

Tilleggsopplysninger om aksjer og aksjeeiere

Lønn og ytelser

Tilleggsopplysninger om lønn

Ytelser til ledende personer

Er det gitt ytelser til ledende person: Nei

Ledende person

Ytelser til revisjon

<u>Revisjon</u>	<u>Årets</u>	<u>Fjorårets</u>
	3000.00	7000.00

<u>Andre tjenester</u>	<u>Årets</u>	<u>Fjorårets</u>
	0.00	4000.00

<u>Sum godtgjørelse til revisor</u>	<u>Årets</u>	<u>Fjorårets</u>
	3000.00	11000.00

Tilleggsopplysninger om ytelser til ledende personer

Antall årsverk og obligatorisk tjenestepensjon

0.00

Tilleggsopplysninger om årsverk og obligatorisk tjenestepensjon

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere



Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Tilleggsopplysninger om lån og sikkerhetsstillelse

Konsern, tilknyttet selskap og datterselskap

Tilknyttet selskap/datterselskap

Tilleggsopplysninger om tilknyttet selskap/datterselskap

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Spesifisering av resultatregnskapet

Ekstraordinære inntekter og kostnader

Anleggsmidler

Virkelig verdi av finansielle instrumenter

Fordringer, gjeld, garantiforpliktelser

Ytterligere noteopplysninger



To the General Meeting of SKS Shipowning III AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SKS Shipowning III 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.

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.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
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 - SKS Shipowning III AS

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 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.

(2)



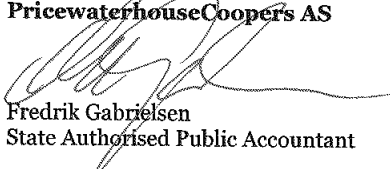
Independent Auditor's Report - SKS Shipowning III AS

Report on Other Legal and Regulatory Requirements

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



SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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The Company currently owns no vessels. One combination carrier of 110 000 dwt. (SKS T-class), trading in the LR2/Aframax market, was sold during 2016. Technical management of the vessel was provided by KGJ Bulk Fleet Management AS (directly owned by KGJS).

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a. Basis of preparation

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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.



SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

f. Non current assets

Non-current 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 non-current 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, while periodic maintenance costs are amortised over the period until the next periodic maintenance. The periodic 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.

g. 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.



SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

h. 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.

i. 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.

Gross revenue consists of freight, charter hire, demurrage and other operating related income. Revenue is recognised based on the “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.

j. Voyage expenses

Voyage expenses consist of bunkers consumed, port expenses, other voyage costs, commissions, freight hire expenses and bunker hedges.

Voyage expenses represent the amount payable on voyages completed by the end of the year and pro-rata proportion of all voyages and time charters which are still incomplete at end of the reporting period. Freight and hire expenses are recognised upon delivery of service in accordance with the charter parties concluded.

k. 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.

l. 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 a 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.



SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

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.

m. 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 has one segment.

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

n. 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.

o. 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.



SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

p. 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.

q. 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 and subsidiaries

KGJS and subsidiaries provides the Company with administrative services and charges management fees. These costs amounted to USD 0 in 2017 compared to USD 226 100 for 2016 and is recorded in income statement as vessel operating expenses and general and administrative expenses.

b. Relationship with SKS OBO & Tankers AS

In October 2015, the Company purchased a vessel from SKS OBO & Tankers AS financed by a sellers credit agreement. The vessel was sold and the loan was settled during 2016. The company paid USD 0 in interest expense in 2017, compared to USD 207 000 in 2016. Interest was charged based on Nibor/Libor interest rates plus a margin.

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

For the years ended 31 December (in US Dollar thousands)	2017	2016
Related party receivables - SKS Shipowning II AS.....	0	557
Total current related party receivables	0	557

For the years ended 31 December (in US Dollar thousands)	2017	2016
Related party payables - SKS Tankers Holding AS.....	0	200
Related party payables - SKS Shipowning II AS.....	0	557
Total current related party payables	0	757



SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

4. Gross revenue

For the years ended 31 December (in US Dollar thousands)	2017	2016
Gross freight income.....	0	2 981
Total	0	2 981

The vessel was hired out on fixed time charter contract until it was sold during 2016.

5. Voyage expenses and vessel operating expenses

For the years ended 31 December (in US Dollar thousands)	2017	2016
Bunkers consumed.....	0	93
Commission to brokers.....	0	53
Other voyage cost	0	14
Total	0	160

Other voyage costs comprise insurances, communications, tank cleaning and other sundry voyage costs.

For the years ended 31 December (in US Dollar thousands)	2017	2016
Crew expenses.....	-1	943
Provisions, consumables, repairs, maintenance and modifications.....	-1	288
Insurances, deductibles and claims.....	-12	198
Manager's fees and administration.....	0	145
Total	-14	1 574

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.....	0	95
Statutory audit fees.....	3	7
Other audit services.....	0	4
Other expenses.....	0	7
Total	3	113

7. Salaries, benefits and number of employees

The Company purchases all of its services from KGJS and subsidiaries. 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.



SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

8. Vessels

The Company currently owns no vessels. One combination carrier of 110 000 dwt. (SKS T-class), trading in the LR2/Aframax market, was sold during 2016 with a sales loss of USD 1.4 mill.

Capital expenditures on vessel comprise of the following amounts:

For the year ended 31 December 2016 (in US Dollar thousands)	LR2/Aframax	Periodic maintenance	Total
Acquisition cost 31.10.2015.....	8 700	300	9 000
Additions.....	0	0	0
Disposals.....	-8 700	-300	-9 000
Acquisition cost 31.12.2016.....	0	0	0
Accumulated depreciation at 31.10.2015.....	0	0	0
Depreciation for the period 31.10.2015-31.12.2016.....	-597	-289	-886
Depreciation disposals.....	597	289	886
Accumulated depreciation at 31.12.2016.....	0	0	0
Accumulated impairment losses at 31.10.2015.....	0	0	0
(Impairment losses)/ Reversal impairment losses for the year.....	0	0	0
Accumulated impairment losses at 31.12.2016.....	0	0	0
Net book value 31.12.2016.....	0	0	0

	LR2/Aframax	Periodic maintenance
Estimated useful lives	25 years	30-60 months
Depreciation method	Straight line	Straight line

9. Other financial items

For the years ended 31 December (in US Dollar thousands)	2017	2016
Currency gains.....	11	7
Currency losses.....	-19	-6
Other financial income/(expenses).....	0	-3
Total.....	-8	-1

10. Taxes

For the years ended 31 December (in US Dollar thousands)	2017	2016
Tax effect of group contribution.....	0	-134
Payable tax.....	0	50
Changes in deferred tax - ordinary taxation.....	-10	-250
Changes in deferred tax - effect of changes in tax rate.....	10	14
Total tax expense/(income).....	0	-319



SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of nominal and effective tax rate:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Net income/(loss) before tax	- 1	-1 383
Estimated tax expense (24%/25%)	0	-345
Difference between estimated and actual tax expense	0	26
Total tax expense/(income)	0	-319

Specification of differences between estimated and actual tax expense:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Currency transaction and other permanent differences	-10	7
Effect of changes in tax rate	10	20
Total difference between estimated and actual tax expense	0	26

Effective from 1 January 2018 the Norwegian corporate tax rate was reduced from 24% to 23%. Deferred tax as 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	-199	0
Profit and loss account	-823	-981
Total basis for deferred tax(+)/tax benefit(-)	-1 022	-981

Deferred tax and changes in deferred tax:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Deferred tax(+)/ tax benefit (-)	-235	-235
Changes in deferred tax(+)/ benefit (-)	0	-235

Payable tax:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Payable tax	0	50
Group contribution - tax effect	0	-50
Total payable tax	0	0



SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

11. Cash and cash equivalents

For the years ended 31 December (in US Dollar thousands)	2017	2016
Cash in bank.....	32	36
Total	32	36

12. 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 300 each. On an extraordinary General Meeting in December 2017, the par value per share was increased to NOK 300 each. The increase was due to a capital contribution from shareholder SKS Tankers Holding AS of NOK 1.7 mill. (USD 0.2 mill.) The capital contribution was made with a conversion of debt to equity.

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

13. Trade and other payables

Accrued expenses and other current liabilities consist of the following amounts:

For the years ended 31 December (in US Dollar thousands)	2017	2016
Accrued administration expenses.....	4	4
Other accruals.....	3	15
Total	7	19

14. 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.



SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

d. Interest rate risk

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

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.

Financial derivatives and hedging

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

15. 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.

16. Subsequent events

The Company is in the process of acquiring one SKS D-class vessel from sister company SKS OBO & Tankers AS, in an internal restructuring.

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



SKS SHIPOWNING III AS

STATEMENT OF CHANGES IN EQUITY

	Share capital USD 000	Other paid-in capital USD 000	Total equity USD 000
Equity at 31.12 2016	24	28	53
Net income 2017	0	- 1	-1
Capital contribution.....	<u>12</u>	<u>196</u>	<u>208</u>
Equity at 31.12 2017	<u>36</u>	<u>224</u>	<u>260</u>



Skattedirektoratet

Saksbehandler
Rune Tystad

Deres dato
04.12.2015

Vår dato
10.12.2015

Telefon
977 59 464

Deres referanse
Nicholas Nunn

Vår referanse
2011/1133256

KRISTIAN GERHARD JEBSEN SKIPSREDERI AS
Folke Bernadottes vei 38
5147 FYLLINGSDALEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for SKS Shipowning III AS, 916 116 934

- Vi viser til deres brev av 4. desember 2015 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for SKS Shipowning III AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering SKS Shipowning III AS 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

SKS Shipowning III AS er et 100 % eid selskap av SKS Tankers Holding AS som igjen er 100 % eid av Kristian Gerhard Jebsen Skipsrederi AS. Kristian Gerhard Jebsen Skipsrederi AS med datter- og datterdatterselskaper er tidligere gitt dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Det er opplyst at konsernets arbeidsspråk er engelsk. Konsernet er av internasjonal karakter innenfor skipsfart og 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. De norske versjonene utarbeides kun for å tilfredsstille regnskapsloven.

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

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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 saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



SKS SHIPOWNING III AS

STATEMENT OF CASH FLOWS

		31 December 2017	15.10.2015- 31.12.2016
	Notes	USD 000	USD 000
Cash flows from operating activities:			
Net income/(loss) before tax.....		- 1	-1 383
Depreciation and amortisation.....	8	0	886
Changes in trade creditors.....	13	-12	19
Changes in related party receivables/payables.....	3	-200	0
Net cash provided by operating activities		<u>-213</u>	<u>-479</u>
Cash flows from investing activities:			
Investment in non-current assets	8	0	-886
Net cash provided by/(used in) investing activities		<u>0</u>	<u>-886</u>
Cash flows from financing activities:			
Proceeds from capital increase and share premiums.....		208	1 401
Net cash provided by (used in) financing activities		<u>208</u>	<u>1 401</u>
Net increase/(decrease) in cash and cash equivalents		-4	36
Cash and cash equivalents at beginning of year		36	0
Cash and cash equivalents at end of year	11	<u>32</u>	<u>36</u>