



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 915 066 739
Organisasjonsform: Aksjeselskap
Foretaksnavn: SKS SHIPOWNING I AS
Forretningsadresse: Zander Kaaes gate 7
5015 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Nils Per Hellesund
Dato for fastsettelse av årsregnskapet: 20.06.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

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, 17.08.2020



Resultatregnskap

Beløp i: USD	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Gross revenue	4	11 571 000	14 478 000
Sum inntekter		11 571 000	14 478 000
Kostnader			
Depreciation and amortisation	8	2 836 000	4 223 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	8	1 957 000	4 957 000
Voyage expenses	5	2 238 000	3 713 000
Vessel operation expenses	3,5	4 904 000	6 331 000
General and administrative expenses	3,6,7	389 000	448 000
Other gains/losses	8	676 000	1 748 000
Sum kostnader		13 000 000	21 420 000
Driftsresultat		-1 429 000	-6 942 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		0	27 000
Annen renteinntekt		4 000	4 000
Currency gains	9	15 000	182 000
Sum finansinntekter		19 000	213 000
Rentekostnad til foretak i samme konsern		1 317 000	1 518 000
Other financial items	9	34 000	10 000
Currency losses	9	8 000	50 000
Sum finanskostnader		1 359 000	1 578 000
Netto finans		-1 340 000	-1 365 000
Ordinært resultat før skattekostnad		-2 769 000	-8 307 000
Tax	10	-259 000	-1 321 000
Ordinært resultat etter skattekostnad		-2 510 000	-6 986 000
Årsresultat		-2 510 000	-6 986 000
Overføringer og disponeringer			



Resultatregnskap

Beløp i: USD	Note	2018	2017
Overføringer til/fra annen egenkapital		-2 510 000	-6 986 000
Sum overføringer og disponeringer		-2 510 000	-6 986 000



Balanse

Beløp i: USD	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	10	2 941 000	2 684 000
Sum immaterielle eiendeler		2 941 000	2 684 000
Varige driftsmidler			
Vessels	3,8	8 375 000	20 604 000
Sum varige driftsmidler		8 375 000	20 604 000
Sum anleggsmidler		11 316 000	23 288 000
Omløpsmidler			
Varer			
Inventories		657 000	539 000
Sum varer		657 000	539 000
Fordringer			
Trade receivables		28 000	100 000
Other current assets	11	133 000	511 000
Konsernfordringer	3	6 000	139 000
Sum fordringer		167 000	750 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12	107 000	101 000
Sum bankinnskudd, kontanter og lignende		107 000	101 000
Sum omløpsmidler		931 000	1 390 000
SUM EIENDELER		12 247 000	24 678 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: USD	Note	2018	2017
Share capital	13	25 000	25 000
Overkurs		-5 686 000	-3 125 000
Sum innskutt egenkapital		-5 661 000	-3 100 000
Sum egenkapital		-5 661 000	-3 100 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	3,14	16 533 000	26 763 000
Sum annen langsiktig gjeld		16 533 000	26 763 000
Sum langsiktig gjeld		16 533 000	26 763 000
Kortsiktig gjeld			
Trade payables		786 000	637 000
Other current liabilities	15	589 000	377 000
Sum kortsiktig gjeld		1 375 000	1 014 000
Sum gjeld		17 908 000	27 777 000
SUM EGENKAPITAL OG GJELD		12 247 000	24 677 000



To the General Meeting of SKS Shipowning I AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SKS Shipowning I AS, which comprise the balance sheet as at 31 December 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Auditors Report - SKS Shipowning I 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.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

(2)



Auditors Report - SKS Shipowning I AS



Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 11 March 2019
PricewaterhouseCoopers AS


Fredrik Gabrielsen
State Authorised Public Accountant



SKS SHIPOWNING I AS

STATEMENT OF CASH FLOWS

		31 December 2018	31 December 2017
	Notes	USD 000	USD 000
Cash flows from operating activities:			
Net income/(loss) before tax.....		-2 769	-8 307
Depreciation and amortisation.....	8	2 836	4 223
Impairment losses/(Reversal impairment losses).....	8	1 957	4 957
(Profit)/loss from sale of assets.....	8	676	1 748
Changes in inventories		- 118	- 260
Changes in trade debtors		449	- 373
Changes in trade creditors.....	15	149	- 846
Changes in related party receivables/payables.....	3	139	2 000
Changes in other current assets/liabilities.....		- 56	0
Net cash provided by operating activities		<u>3 263</u>	<u>3 142</u>
Cash flows from investing activities:			
Investments in non-current assets	8	- 477	0
Sale of non-current assets		7 237	4 514
Net cash provided by/(used in) investing activities		<u>6 760</u>	<u>4 514</u>
Cash flows from financing activities:			
Loans from group companies.....	3	-10 230	-12 127
Proceeds from capital increase and share premiums.....	13	0	3 068
Net cash provided by/ (used in) financing activities		<u>-10 018</u>	<u>-9 058</u>
Net increase/(decrease) in cash and cash equivalents		5	-1 403
Cash and cash equivalents at beginning of year		<u>101</u>	<u>1 504</u>
Cash and cash equivalents at end of year	12	<u>106</u>	<u>101</u>



DIRECTORS' REPORT 2018

SKS SHIPOWNING I AS (the Company)

Business summary

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

The Company currently own one combination carrier of 110 000 dwt. (SKS T-class) trading in the LR2/Aframax market. One SKS T-class vessel was sold and delivered to third parties 5 December 2018. Technical management of the vessel is provided by KGJ OBO & Tankers Fleet Management AS (directly owned by KGJS).

Result

The net loss for 2018 was USD 2.5 mill. compared to USD 7.0 mill. in 2017. An impairment loss of USD 2.0 mill. in a challenging year for the tanker industry makes up the majority of the net loss.

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

The board recommends that the Company's net loss of USD 2.5 mill. is transferred to share premium.

Investments

Total investments in non-current assets amounted to USD 8.4 mill. at the end of 2018.

Liquidity and financing

The Company aims to have adequate liquidity in the form of cash and/or available credit facilities at all times. At the end of 2018, the cash reserve was USD 0.1 mill.

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, lender group, planned investments, projected cash flow and uncommitted capital contribution from its shareholders, the Company believes it has a satisfactory financial position. Despite the negative equity position, it is the Board's opinion that the Company has a solid financial structure due to its long standing relationship with its main creditor, and that business operations will be maintained in the longer term.

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.



Health, safety and environment

The Company maintains a strong focus on running long-term vessel management following a policy based on high quality requirements. Extensive regulations, locally and internationally have become the standard requiring high quality in areas such as vessel manning, vessel operation and technical maintenance. Vessel maintenance is carried out continuously based on a long-term preventive maintenance program. The vessels consume both heavy fuel oil and diesel oil. Fuel consumption is carefully monitored and measures to reduce consumption have been implemented.

The Company's technical managers hold Documents of Compliance following the rules of the ISM-code (International Safety Management Code). The standards require continuous improvements following an annual improvement program.

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

The Company has no employees.

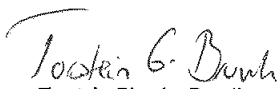
Outlook

Newbuilding order book data indicate that fleet growth is expected to be lower in 2019 compared to 2018 for crude and product tankers. Demand for transportation of crude oil and refined products is expected to grow moderately in line with expected growth in world GDP, however this could be negatively impacted by trade disputes and a subsequent drop in economic activity.

Implementation of the global 0.5% Sulphur cap on January 1, 2020 may have significant impact on fuel prices as well as trading patterns for crude and product tankers. The Company is following this development closely and considers itself well prepared.

Bergen, 11 March 2019

The board of directors of
SKS Shipowning I AS


Torstein Gjørder Bruvik
Board member


Jan Pedersen
Chairman


Jarle Haugsdal
Board member


Geir Bruvik Mjelde
CEO



SKS SHIPOWNING I AS

STATEMENT OF CHANGES IN EQUITY

	Share capital <u>USD 000</u>	Share premium <u>USD 000</u>	Other equity <u>USD 000</u>	Total equity <u>USD 000</u>
Equity at 31.12 2017	25	-3 125	0	-3 100
Net income 2018	0	-2 562	51	-2 510
Group contribution	0	0	5	5
<u>Other comprehensive income:</u>				
Change in accounting principles.....	0	0	- 56	- 56
Equity at 31.12 2018	<u>25</u>	<u>-5 686</u>	<u>0</u>	<u>-5 661</u>



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

1. General information

SKS Shipowning I 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 one combination carrier of 110 000 dwt. (SKS T-class), trading in the LR2/Aframax market. One SKS T-class vessel was sold and delivered to third parties 5 December 2018. Technical management of the vessel is provided by KGJ OBO & Tankers 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 follow 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.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

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. Inventories

Inventories include the vessels' stock of lubrication oils and bunker stocks remaining on board at the end of the reporting period and are stated at the lower of cost or net realisable value. Cost is calculated on a first in first out (FIFO) basis. Net realisable value is based on observable market prices. For vessels on time charter out bunkers are sold and settled with charterers at delivery of the vessels, and repurchased at redelivery.

h. 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 varies 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.

i. 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.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

j. 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.

k. 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.

l. Revenue recognition

The Company recognises revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. The good or service is transferred when the customer obtains control of the good or service.

Gross revenue consists of freight, charter hire, demurrage and other operating related income. Revenue is recognised based on the "load 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. Charter hire are recognised over the term of the charter as the service is provided.

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

Group contributions are recorded as year-end appropriations in the same year as proposed.

m. 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.

n. 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.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

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.

o. 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).

The Company is the owner of one combination carrier, which is categorised as one cash generating unit.

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.

p. 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 bunker prices, 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 2018 or 2017.

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 2018 or 2017.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

q. 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.

r. 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 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.

s. 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.

t. 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.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

u. 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 0.8 mill. in 2018 compared to USD 1.0 mill. in 2017 and is recorded in income statement as vessel operating expenses and general and administrative expenses.

b. Relationship with SKS OBO & Tankers AS

During 2015, the Company purchased vessels from SKS OBO & Tankers AS financed by a sellers credit agreement. The company paid USD 1.3 mill. in interest expense in 2018 compared to USD 1.5 mill. in 2017. Repayment of the loans are based on 'pay as you earn' terms. During 2018 the Company paid instalments of USD 10.2 mill. compared to USD 12.1 mill. in 2017.

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

For the years ended 31 December (in US Dollar thousands)	2018	2017
Related party receivables - SKS Tankers Holding AS.....	6	139
Total current related party receivables	6	139

For the years ended 31 December (in US Dollar thousands)	2018	2017
Loans from group companies - SKS OBO & Tankers AS.....	16 533	26 763
Total non-current loans from group companies	16 533	26 763

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

The Company has pledged to SKS OBO & Tankers AS a mortgage over vessel owned by the Company together with assignment of vessel earnings, rights to insurance claims or any requisition compensation.

For the years ended 31 December (in US Dollar thousands)	2018	2017
Booked value of mortgaged vessels	8 375	20 604



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

4. Gross revenue

For the years ended 31 December (in US Dollar thousands)	2018	2017
Gross freight income.....	10 745	13 417
Demurrage and other income.....	826	1 061
Total	11 571	14 478

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

5. Voyage expenses and vessel operating expenses

For the years ended 31 December (in US Dollar thousands)	2018	2017
Bunkers consumed.....	1 660	2 436
Port expenses.....	233	778
Commission to brokers.....	284	397
Other voyage cost.....	61	102
Total	2 237	3 713

Port expenses include cargo handling, wharfage and dockage, pilotage, towage, harbour dues and agency fees. Other voyage costs comprise insurances, communications, tank cleaning and other sundry voyage costs.

For the years ended 31 December (in US Dollar thousands)	2018	2017
Crew expenses.....	2 960	3 716
Provisions, consumables, repairs, maintenance and modifications.....	958	1 276
Insurances, deductibles and claims.....	521	678
Manager's fees and administration.....	465	661
Total	4 904	6 331

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)	2018	2017
Administrative services.....	370	426
Statutory audit fees.....	4	4
Other audit services.....	4	5
Other expenses.....	12	13
Total	389	448



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

7. Salaries, benefits and number of employees

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

8. Vessels

At 31 December 2018 the Company owns one vessel. During 2018 one combination carrier of 110 000 dwt. (SKS T-class) was sold to third party, at a total sales loss of USD 0.7 mill.

Capital expenditures on vessels comprise of the following amounts:

For the year ended 31 December 2018 (in US Dollar thousands)	LR2/Afimax	Periodic maintenance	Total
Acquisition cost 01.01.2018.....	33 250	1 689	34 939
Additions.....	0	477	477
Disposals.....	-16 600	-1 017	-17 617
Acquisition cost 31.12.2018.....	16 650	1 149	17 799
Accumulated depreciation at 01.01.2018.....	-7 917	- 861	-8 778
Depreciation for the year.....	-2 138	- 698	-2 836
Depreciation disposals.....	4 993	934	5 926
Accumulated depreciation at 31.12.2018.....	-5 063	- 625	-5 688
Accumulated impairment losses at 01.01.2018.....	-5 557	0	-5 557
(Impairment losses)/ Reversal impairment losses for the year.....	-1 957	0	-1 957
Impairment losses disposals.....	3 778	0	3 778
Accumulated impairment losses at 31.12.2018.....	-3 736	0	-3 736
Net book value 31.12.2018	7 851	524	8 375
For the year ended 31 December 2017 (in US Dollar thousands)	LR2/Afimax	Periodic maintenance	Total
Acquisition cost 01.01.2017.....	45 550	1 942	47 492
Additions.....	0	905	905
Disposals.....	-12 300	-1 158	-13 458
Acquisition cost 31.12.2017.....	33 250	1 689	34 939
Accumulated depreciation at 01.01.2017.....	-7 117	-1 298	-8 415
Depreciation for the year.....	-3 460	- 763	-4 223
Depreciation disposals.....	2 660	1 200	3 860
Accumulated depreciation at 31.12.2017.....	-7 917	- 861	-8 778
Accumulated impairment losses at 01.01.2017.....	-3 031	0	-3 031
(Impairment losses)/ Reversal impairment losses for the year.....	-4 957	0	-4 957
Impairment losses disposals.....	2 431	0	2 431
Accumulated impairment losses at 31.12.2017.....	-5 557	0	-5 557
Net book value 31.12.2017	19 776	828	20 604



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

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

At 31 December 2018, the Company reviewed its cash generating units for impairment, ref. note 2 o. An impairment loss should be recognised for the cash-generating unit if the carrying value is higher than the highest of market value and value-in-use calculation. Value-in-use calculations are made in accordance with IAS 36 and are based on the Company's best assumptions of future income and cost as well as discounting rate. Assumptions are associated with uncertainty and other parameters could generate a different value-in-use and a different outcome of the impairment assessment.

Based on the review, the Company made an impairment of USD 2.0 mill. in 2018 compared to an impairment of USD 5.0 mill. in 2017.

9. Other financial items

For the years ended 31 December (in US Dollar thousands)	2018	2017
Currency gains	15	182
Currency losses	-8	-50
Other financial income/(expenses)	-34	-10
Total	-28	122

10. Taxes

For the years ended 31 December (in US Dollar thousands)	2018	2017
Tax effect of group contribution	-1	0
Changes in deferred tax - ordinary taxation	-391	-1 437
Changes in deferred tax - effect of changes in tax rate	134	117
Total tax expense/(income)	-259	-1 320

Reconciliation of nominal and effective tax rate:

For the years ended 31 December (in US Dollar thousands)	2018	2017
Net income/(loss) before tax	-2 769	-8 307
Estimated tax expense (23% / 24%)	-637	-1 994
Difference between estimated and actual tax expense	378	673
Total tax expense/(income)	-259	-1 320



SKS SHIPOWNING I 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)	2018	2017
Currency transaction and other permanent differences	244	557
Effect of changes in taxrate.....	134	117
Total difference between estimated and actual tax expense	378	673

Effective from 1 January 2019 the Norwegian corporate tax rate was reduced from 23% to 22%. Deferred tax at 31 December 2018 is calculated using the new rate of 22%.

Tax calculations are based on financial statements in US Dollars converted to Norwegian Kroner using varying rates of exchange for both the 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)	2018	2017
Taxable deficit.....	-7 141	-6 458
Profit and loss account.....	-4 835	-3 407
Non-current assets	- 937	-1 288
Tax of debarred internal interest expenses	- 457	- 516
Total basis for deferred tax(+)/tax benefit(-)	-13 370	-11 669

Deferred tax and changes in deferred tax:

For the years ended 31 December (in US Dollar thousands)	2018	2017
Deferred tax(+)/ tax benefit (-).....	-2 941	-2 684
Changes in deferred tax(+)/ benefit (-).....	- 258	-1 287

Payable tax:

For the years ended 31 December (in US Dollar thousands)	2018	2017
Payable tax	0	0
Group contribution - tax effect.....	0	0
Total payable tax	0	0

11. Other current assets

For the years ended 31 December (in US Dollar thousands)	2018	2017
Prepaid cost.....	64	121
Other receivables	69	390
Total	133	511



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

12. Cash and cash equivalents

For the years ended 31 December (in US Dollar thousands)	2018	2017
Cash in bank.....	106	101
Total	106	101

13. Share capital and shareholder information

At 31 December 2018 the share capital of the Company consist of one class of 1 000 ordinary shares at NOK 200 each.

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

14. Non-current liabilities

For the years ended 31 December (in US Dollar thousands)	2018	2017
Loans from group companies - SKS OBO & Tankers AS.....	16 533	26 763
Total	16 533	26 763

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

15. Other current liabilities

For the years ended 31 December (in US Dollar thousands)	2018	2017
Interest expense accruals.....	119	106
Voyage expense accruals.....	26	78
Vessel operating expense accruals.....	445	193
Total	589	377

16. 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.



SKS SHIPOWNING I AS

NOTES TO THE FINANCIAL STATEMENTS

b. Liquidity risk

The Company aims to have adequate liquid assets and /or available credit lines at all times.

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 with floating interest rates.

e. Currency risk

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

f. Other risks

The Company is exposed to general freight and bunker price fluctuations for its vessel.

Financial derivatives and hedging

At 31 December, 2018 and 2017 the Company has neither financial derivatives nor hedging contracts.

17. Contingencies

The Company maintains insurance coverage for its activities consistent with industry practice. In the course of 2018, the Company has not been involved in any incidents which have resulted in material loss or liability to the Company.

18. Subsequent events

There has been no events that would materially impact the financial statements for 2018 after 31 December 2018.



Skattedirektoratet

Saksbehandler Rune Tystad	Deres dato 12.03.2015	Vår dato 19.03.2015
Telefon 977 59 464	Deres referanse Nicholas Nunn	Vår referanse 2015/243264

KRISTIAN GERHARD JEBSEN SKIPSREDERI AS
Folke Bernadottes vei 38
5147 FYLLINGSDALEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for SKS Shipowning I AS, org.nr. 915 066 739

Vi viser til deres brev av 12. mars 2015 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for SKS Shipowning I AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering SKS Shipowning I AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

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 I 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 konsernet 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 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

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Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



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.

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 selskapet inngår i et konsern av internasjonal karakter innenfor skipsfart og at dette innebærer at konsernet 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