



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 921 196 598
Organisasjonsform: Aksjeselskap
Foretaksnavn: GRIEG SHIPPING III AS
Forretningsadresse: C. Sundts gate 17
5004 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Kari Teigland Tepstyad
Dato for fastsettelse av årsregnskapet: 20.03.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

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, 18.03.2022



Resultatregnskap

Beløp i: USD	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	6	3 889 331	928 292
Sum inntekter		3 889 331	928 292
Kostnader			
Driftskostnader skip		2 054 357	625 189
Avskrivning på varige driftsmidler og immaterielle eiendeler	3	687 514	171 885
Annen driftskostnad	9	127 829	34 543
Sum kostnader		2 869 700	831 617
Driftsresultat		1 019 631	96 675
Finansinntekter og finanskostnader			
Annen renteinntekt		12 920	3 566
Annen finansinntekt		7 568	1 005
Sum finansinntekter		20 488	4 571
Rentekostnad til foretak i samme konsern	6	150 000	84 144
Annen rentekostnad		614 975	199 046
Annen finanskostnad		938	675
Sum finanskostnader		765 913	283 865
Netto finans		-745 425	-279 294
Ordinært resultat før skattekostnad		274 206	-182 619
Ordinært resultat etter skattekostnad		274 206	-182 619
Årsresultat		274 206	-182 619
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		274 206	-182 619
Sum overføringer og disponeringer		274 206	-182 619



Balanse

Beløp i: USD	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	3	14 615 398	15 302 912
Sum varige driftsmidler		14 615 398	15 302 912
Sum anleggsmidler		14 615 398	15 302 912
Omløpsmidler			
Varer			
Varer		89 543	83 049
Sum varer		89 543	83 049
Fordringer			
Andre fordringer		137 286	137 668
Konsernfordringer	6	1 201 679	415 591
Sum fordringer		1 338 965	553 259
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		604	15 055
Sum bankinnskudd, kontanter og lignende		604	15 055
Sum omløpsmidler		1 429 112	651 363
SUM EIENDELER		16 044 510	15 954 275
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
10 000 aksjer a NOK 608	2,7	745 463	745 463
Annen innskutt egenkapital	2	4 808 269	4 808 269
Sum innskutt egenkapital		5 553 732	5 553 732



Balanse

Beløp i: USD	Note	2019	2018
Opptjent egenkapital			
Annen egenkapital	2	91 588	-182 619
Sum opptjent egenkapital		91 588	-182 619
Sum egenkapital		5 645 320	5 371 113
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	5	9 600 000	10 400 000
Sum annen langsiktig gjeld		9 600 000	10 400 000
Sum langsiktig gjeld		9 600 000	10 400 000
Kortsiktig gjeld			
Leverandørgjeld		55 574	11 332
Betalbar skatt	8	10 178	2 606
Kortsiktig konserngjeld	6	628 542	84 144
Annen kortsiktig gjeld		104 897	85 081
Sum kortsiktig gjeld		799 191	183 163
Sum gjeld		10 399 191	10 583 163
SUM EGENKAPITAL OG GJELD		16 044 511	15 954 276



BOARD OF DIRECTORS' REPORT 2019 GRIEG SHIPPING III AS

The business

Grieg Shipping III AS (the "Company") is a ship owning company and is part of the consolidated group of companies controlled by Grieg Star Group AS ("the Group") – known as Grieg Star. Per year end 2019, Grieg Shipping III AS owned 1 semi open hatch vessel, which was acquired in September 2018.

The Company has its office in Bergen and is organized under the Norwegian tonnage tax system and has no employees. The Board of Directors consists of three members, two women and one man. Grieg Star Group AS, provides a range of services to the Company within strategy, administration, IT and business processes, risk management as well as finance and accounting. Another group company, Grieg Star AS, is responsible for the ship management of the fleet. The services are regulated under management agreements.

The vessel is marketed and operated by the Grieg Star and Gearbulk jointly controlled company G2 Ocean, the world's largest deep-sea breakbulk carrier, which was put into operation in May 2017. G2 Ocean combines the two's global commercial expertise, operating a fleet of more than 130 vessels, in one open hatch and one dry bulk pool. The open hatch pool's worldwide trading pattern is built around long-term cargo contracts with pulp and paper producers as well as transport of steel and project cargoes for e.g. energy and infrastructure developers. The operation's success criteria are the ability to establish optimal sailing patterns, combining various types of cargoes coupled with efficient port operations.

Annual accounts

Improved market conditions and reduced costs contributed to a relatively stronger result in 2019, as open hatch freight earnings ended up close to initial expectations for the year. In total, this resulted in a pre-tax result of USD 0.3m in 2019 vs. minus USD 0.2m in 2018.

The Company's operating revenues consist of freight income. In 2019, total operating revenues were USD 3.9m vs. USD 0.9m in 2018, which is mainly due the first full year effect owning the Company's one vessel. Likewise, total operating costs increased, from USD 0.8m in 2018 to USD 2.9m in 2019. The vessels' operating expenses was main contributor to this, increasing from USD 0.6m in 2018 to USD 2.1m in 2019, given more vessel days. Depreciation charges increased likewise, up to USD 0.7m in 2019 vs. USD 0.2m in 2018. With higher revenues and operating costs, the Company's operating profit increased to USD 1.0m in 2019 from USD 96,675 in 2018.

Net financial items ended up at minus USD 0.7m in 2019 vs. minus USD 0.3m in 2018. The increase was based on full year effect related to the loan financing of the Company's vessel.

Long-term interest-bearing debt decreased from USD 10.4m per year end 2018 to USD 9.6m per end of 2019. The Company's book equity was USD 5.6m at year end vs. USD 5.43m per year end 2018, giving a 35% equity ratio (34% end 2018). By the end of 2019, the Company had total assets of USD 16.0m (USD 16.0m in 2018), with current assets accounting for USD 1.4m. Liquidity on the balance sheet date in the form of bank deposits and cash at hand was USD 604 including the Company's share of aggregated cash balance in the Group's cash pool agreement¹.

¹ The Company has recorded this as a receivable in its accounts. Grieg Star Group AS is the main holder of the cash pool.



Based on net cash flows from operations of USD 1.0m, no cash flow from investments and net cash flow of USD 0.1m from financing activities, net change in liquid funds in 2019 was USD 1.2m.

External environment

Grieg Star envisions a future with no harmful emissions to air, sea and land. The path to this is long, but as a responsible business, the Group is committed to walk the talk. Shipping, which transports about 90% of global goods is statistically the least environmentally damaging mode of transport when taking productivity into the equation. Still, emissions of greenhouse gases (GHG) from shipping constitutes about 2.5% of global emissions. In April 2018, the IMO's Marine Environment Protection Committee (MEPC) adopted a new strategy on the reduction of GHG emissions from ships. Their vision is to reduce total annual GHG emissions by at least 50% by 2050, compared to 2008. Grieg Star appreciates IMO's position, as the Group has worked for many years to reduce its emissions significantly. The IMO targets are also in line with the Group's environmental strategy for 2015-2020 as well as its long terms goals towards 2030. The aim is to be in accordance with or exceed any regulations before their implementation dates.

The Group's participation in ongoing R&D programs is part of the actions to meet its ambitions. An example is the SFI Smart Maritime project, with the objective to green maritime transport, enabling the Norwegian maritime cluster to be world-leading in 2025 in environmentally friendly shipping. The project has an eight years duration, with expected completion in 2023. A new project in 2019 is Rutesim, which is a research-based project to develop a planning tool taking vessel design, weather and ocean current into consideration for route planning. Exploration of new technologies and digitalization is high on Grieg Star's agenda, as it will enable better insight and more efficient operations. Finally, but not least Grieg Star replaced all the HSFO on its vessels with IMO compliant VLSFO during the last months of 2019 with success, to reach the deadline of the 2020 Sulphur Cap.

Sustainability

In 2008, the Group committed to the 10 principles of the UN Global Compact. In 2019 Grieg Star decided to become a participant of same, as well as joining the UNGC Action Platform for Sustainable Ocean Business. This is done in recognition that the Group is not big enough to solve all challenges by itself but need to work together with partners. Basis for the work of transforming the Group into a more sustainably business, is the UN Sustainable Development Goals, where Grieg Star is not just adding the SDGs to its strategy, but rather using the SDGs as the foundation on how to plan, operate and develop the business. The Group's shareholders have also set an ambitious and motivating purpose for this journey: "We shall restore our oceans."

Over the next years, Grieg Star will, therefore, focus on five SDGs that are strongly linked together; for a shipping company to become sustainable, one needs innovation. To be able to innovate, one needs an organization rigged for innovation. That requires diversity and competence. Therefore, Grieg Star's strategy focuses on: "Quality Education", "Gender Equality", "Industry, Innovation and Infrastructure" "Life Below Water" and "Climate Action".

Risk

Grieg Shipping III AS is exposed to financial and market risks. This is mainly composed by risks related to the development of freight rates, ship values, currency and interest rates. The vessel's earnings are to a large extent linked to long term cargo contracts as the Company's shipping activity is of an industrial character. This implies that revenues are less volatile than in the spot market and that changing market conditions generally have a delayed effect on the results. Changes in the interest rate affects the Company's financing. Currency risk is mainly related to the purchase of administrative services in Norway, local taxes, as well as some purchases related to the technical management of the fleet. The Company has defined strategies and policies that reduce both interest rate and currency risks.



The Company assumes counterparty risk in parts of its business. Issues related to regular credit risk as well as sanctions regulations are controlled and considered part of the daily business. In 2019 an increased amount of time has also been used on Know-Your Customer compliance, as in particular financial partners have raised their reporting related to anti-money laundry.

Identifying, understanding and acting to reduce the Group's security risks, particularly cyber risks, has been high on the agenda also in 2019. A "new" risk which needs attention going forward is climate risk. Assessing Grieg Star's physical and transitional climate risks may be paramount to safeguard physical and intangible values under various future climate scenarios.

The market and outlook

Throughout 2019 shipping markets, and especially the dry bulk market, has been challenging. Soft trade demand combined with continued newbuilding deliveries and limited recycling activity caused a challenging market in 2019 for all conventional dry bulk operations. For open hatch there was, however, an improvement in freight earnings throughout the year, albeit parts of this was due to higher productivity and reduced costs.

China's share of dry bulk commodity imports has grown significantly over the past ten years from about 25% to about 40% in 2019 in volume terms. Entering 2020, the Coronavirus lockdown in China has reduced chartering activity, adding an extra layer of uncertainty to already unstable dry bulk fundamentals, making prospects for 2020 ambiguous. What actually will happen in the months to come is uncertain, but it is more likely that risk is on the downside also for open hatch, despite that world seaborne pulp demand, setting Corona effects aside, seemed sound and was expected to continue with stable growth, particularly from the Americas to Asia, when originally entering 2020.

Going concern and allocation of profit

The Board of Directors confirms that the annual accounts have been prepared on the basis of the going concern assumption and that this assumption is valid. The consideration is based on the Company's financial position and expectations of future earnings.

The Board of Directors believes that the submitted annual accounts give a correct picture of Grieg International II AS' assets and liabilities as well as financial position and results, and recommends that the profit after tax of USD 274,206 (minus USD 182,619 in 2018) is allocated as follows:

To other equity:	USD 274,206
Total allocations:	USD 274,206

Oslo, 20 March 2020

The Board of Directors of Grieg Shipping III AS


Elisabeth Grieg
Deputy Chair


Camilla Grieg
Chair


Kai Grøtterud
Board Member


Matthew Robert Cagienard Duke
CEO

**INCOME STATEMENT**

GRIEG SHIPPING III AS			
REVENUES	Note	2019	2018
Operating revenues	6	3,889,331	928,292
Total revenues		3,889,331	928,292
Operating expenses			
Vessel operating expenses		2,054,356	625,189
Other operating expenses	9	127,829	34,543
Depreciation	3	687,514	171,885
Total operating expenses		2,869,700	831,617
Operating profit		1,019,631	96,675
Financial items			
Interest income		12,920	3,566
Interest expenses		-614,975	-199,046
Interest expenses group	6	-150,000	-84,144
Other financial expenses		-938	-675
Gain/loss on foreign exchange		7,569	1,005
Total financial items		-745,424	-279,294
Profit before tax		274,206	-182,619
Tax		0	0
Profit for the year		274,206	-182,619
Transferred to (from) other equity		274,206	-182,619
Total allocation		-274,206	182,619



BALANCE SHEET AS OF 31.12

GRIEG SHIPPING III AS			
ASSETS	Note	2019	2018
Tangible assets			
Vessels	3	14,615,398	15,302,912
Total fixed tangible assets		14,615,398	15,302,912
SUM ANLEGGSMIDLER		14,615,398	15,302,912
CURRENT ASSETS			
Receivables from group companies	6	1,201,679	415,591
Inventory		89,543	83,049
Other receivables		137,286	137,668
Bank deposits, cash in hand, etc		604	15,055
Total current assets		1,429,113	651,363
TOTAL ASSETS		16,044,511	15,954,275

**BALANCE SHEET AS OF 31.12****GRIEG SHIPPING III AS**

EQUITY AND LIABILITIES	Note	2019	2018
Paid-in capital			
Share capital (10.000 shares of NOK 608)	2, 7	745,463	745,463
Share premium reserve	2	4,808,269	4,808,269
Total paid-in capital		5,553,732	5,553,732
Retained earnings			
Other equity	2	91,587	-182,619
Other equity		91,587	-182,619
Total equity	2	5,645,320	5,371,113
Long-term debt			
Liabilities to financial institutions	5	9,600,000	10,400,000
Total long-term liabilities		9,600,000	10,400,000
Current liabilities			
Liabilities to group companies	6	628,542	84,144
Accounts payable		55,574	11,332
Taxes payable	8	10,178	2,606
Other short-term liabilities		104,897	85,081
Total current liabilities		799,191	183,162
TOTAL EQUITY AND LIABILITIES		16,044,511	15,954,275

Bergen, 20.03.2020
Styret i GRIEG SHIPPING III AS


- Camilla Grieg
Chair


- Elisabeth Grieg
Deputy Chair


- Kai Grøtterud
Board member


Matthew R. C. Duke
CEO



Cash flow statement Grieg Shipping III AS

	2019	2018
Cash flow from operations		
Profit before income taxes	274 207	-182 619
Change in tonnage tax provision, classified as operating expenses	7 572	2 606
Taxes paid in period	-	-
Depreciation	687 514	171 885
Change in inventory	-6 494	-83 049
Change in trade debtors	44 242	11 332
Change in other provisions	27 560	-59 932
Net cash flow from operations	1 034 601	-139 777
Cash flow from investments		
Purchase of fixed assets	-	-15 474 797
Net cash flow from investments	-	-15 474 797
Cash flow from financing		
Proceeds from long term loan	-	10 400 000
Repayment of long term loans	-800 000	-
Capital increase	-	5 550 000
Proceeds intercompany	936 405	50 273
Net cash flow from financing	136 405	16 000 273
Net change in cash and cash equivalents	1 171 006	385 698
Cash and cash equivalents at start of period (2018 figure at startup)	15 055	3 732
Cash and cash equivalents at the end of the period	1 186 061	389 430
Cash and cash equivalents at the end of the period consists of:		
Bank deposits	604	15 055
Bank deposits within Grieg Star Group cash pool agreement	1 185 457	374 376
Sum	1 186 061	389 431
	-0	-0



Grieg Shipping III AS
Notes to the financial statement for 2019

Note 1 Accounting principles

The annual accounts have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles.

The company was established the 6th of July 2018.

Operating revenues

Operating revenues are recognised as income at the time of delivery.

Classification and valuation of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Acquisition Cost

The acquisition cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and costs related to the acquisition (freight, customs fee which are non-refundable and other direct purchase costs). Acquisitions in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

Asset impairments

Assets that are subject to depreciation are reviewed for impairment whenever 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The company's vessel has been sailing in a pool marketed and operated by G2 Ocean AS. Having the vessels sail in a pool means that the operational use of the vessels, including optimisation of routes, is combined for the fleet. Earnings of each individual vessel is therefore affected by the earnings of other vessels in the pool. The fleet is therefore considered to be the cash-generating unit. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each date.

Receivables

Trade debtors and other debtors are carried at nominal value after deducting provisions for expected losses. Loss provisions are based on an assessment of individual receivables.

Foreign currency

Cash items, receivables and liabilities denominated in foreign currencies are valued at the year end exchange rates. Profit and loss items in foreign currency are recorded at exchange rates prevailing at the time of the transaction. Realised and unrealised gains and losses are included under financial items in the profit and loss statement.

Foreign exchange hedging

Derivatives purchased in order to reduce currency risk are treated as hedging transactions for accounting purposes. Gains and losses on foreign exchange contracts are therefore recognised in the same period as the hedged transactions. See note 11. Unrealised gain/loss on the hedging contracts is not posted on the balance sheet.

Interest rate hedging

Interest rate hedging contracts are recognised and classified in the same way as the related mortgage loan. The interest received/paid under the contract is therefore recognised in the interest period in the question and is included in interest expenses for the period. Unrealised gain/loss on the hedging contracts is not posted on the balance sheet.

Fixed assets

Fixed assets are valued at historical cost less accumulated depreciation. Depreciation is charged on a straight line basis over the remaining expected useful life of each asset adjusted for the residual value. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period.

Total expenditure on the vessel is decomposed into components that have different useful lives. Expenses related to ordinary maintenance are expensed when incurred. Drydocking costs are capitalised and depreciated over the period to the next scheduled drydocking.

Inventories

The company has inventories of lub oil, paint and provision that are valued at the lower of cost and fair value.



Grieg Shipping III AS
Notes to the financial statement for 2019

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carry forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

The company is subject to the taxation regime for shipowning companies pursuant to Chapter 8 of the Taxation Act.

Cash flow statement

Cash flow statement are prepared according to the indirect method. Accordingly, the cash flows from, investment and financing activities are reported gross, while the accounting result is reconciled against the net cash flow from operations. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments that can immediately and with minimal exchange rate risk be converted into a known amount with due date less than three months from the purchase date.

Group account cash pool agreement

The company is a part of a Group account cash pool agreement within the Grieg Star Group. Grieg Star Group AS is the Group Account Holder. Under this agreement, all participating companies are jointly liable for the overdraft facility and other participant's overdraft. Net aggregated cash balance on the group account is recognised as cash in the balance sheet statement of Grieg Star Group AS as Group Account Holder. Participating companies share of aggregated cash balance are recognised as intercompany balances in each participating company's balance sheet.

Estimates

When preparing the annual accounts in accordance with good accounting practice, management makes estimates and assumptions which affect the profit and loss account and the valuation of assets and liabilities, as well as information about contingent assets and liabilities at year-end.

Contingent losses which are likely and quantifiable are charged against income on an ongoing basis.

Presentation currency

The company's functional currency is USD as most of the company's revenues and operating costs are realized in USD.

Note 2 Equity

Figures in USD 1 000

Changes in equity	Share capital	Share premium	Other equity	Total
Equity at 01.01.	745	4,808	-183	5,371
Profit for the year			274	274
Equity at 31.12	745	4,808	92	5,645

Note 3 Fixed Assets

Figures in USD 1 000

	Vessels	Docking	Total
Purchase cost at 01.01	15,475		15,475
Additions			0
Transferred from new buildings			0
Disposals			0
Purchase cost at 31.12	15,475	0	15,475
Accumulated depreciation at 31.12	859	0	859
Book value at 31.12	14,615	0	14,615

Depreciation

688

Depreciation plan	Straight line	Straight line
Expected useful life	30 years	5 years

At 31.12.19 the company has no new building contracts.



Grieg Shipping III AS
Notes to the financial statement for 2019

Note 4 Debtors which fall due later than one year

Figures in USD 1 000

The company has no receivables which fall due later than one year.

Note 5 Interest bearing debt and credit facilities**Mortgage loans**

At 31.12.19 the company has one loan. The loan is denominated in USD.

Covenants

Loan is secured with mortgage and guaranteed by Grieg Shipowning AS.

Grieg Shipowning has covenants including minimum MUSD 25 / 5% of interest bearing debt in liquidity and minimum 25% book equity.

The company has been in compliance with the covenants throughout the year.

Long term liabilities which fall due later than 5 years

Figures in USD 1 000

	2,019	2,018
Liabilities to credit institutions	0	0
	2,019	2,018

Liabilities secured by mortgage (1st priority)

9,600 **10,400**

Book value of assets pledged as security:

Vessels	14,615	15,303
New building contracts		0
Total	14,615	15,303

Note 6 Intercompany balances and transactions with related parties

Figures in USD 1 000

Transactions with related parties

G2 Ocean AS has operated the vessels in a pool on behalf of Grieg Shipping III AS. The shipping pool result is distributed to the company based on a distribution key.

Company	Relation	Type of services	2019	2018
Operating revenue from associated companies				
G2 Ocean AS	Associated company	Time charter	3,889	928

Grieg Shipping III AS is managed by Grieg Star Group AS and Grieg Star AS, and pays an annual management fee for such services and administrative expenses.

Grieg Star Group AS	Group company	Management	49	12
Grieg Star AS	Group company	Management	281	58
Total			330	70



Grieg Shipping III AS
Notes to the financial statement for 2019

There have been loans and/or performance guarantees between Grieg Shipping III AS and Group companies, which has led to interest elements between the companies.

Net financial items				
Grieg Shipping II AS	Group company	Interest expense	-150	-84
Total			-150	-84

Balances with group companies and related -parties

Other short-term receivables		2019	2018
Grieg Star Group AS *)	Group company	1,193	374
Grieg Star OH Pool AS	Group company	8	
Grieg Shipping II AS	Group company		34
Sum		1,202	408

*) USD 1.185 of the receivable from Grieg Star Group AS in 2019 is related to the Group account cash pool.

Net short term receivables with associated companies		2019	2018
G2 Ocean AS	Associated company	0	7
Sum		0	7

The balance is posted as accounts receivable.

Other current liabilities		2019	2018
Grieg Shipping II AS	Group company	150	84
Grieg International II AS	Group company	479	
Sum		629	84

Note 7 Share capital and shareholders information

The parent company, Grieg Star Group AS has its registered office in Bergen (C. Sundtsgate 17/19), where the consolidated financial statements are available.

The share capital consists of 10 000 shares with nominal value of NOK 608 each.

Shareholders at 31.12	Number of shares	Ownership
Grieg Star Group AS	10,000	100%
Total shares	10,000	100%



Grieg Shipping III AS
Notes to the financial statement for 2019

Note 8 Taxes

Figures in USD 1 000

The company is taxed according to the Tonnage tax rules in the Norwegian Fiscal act § 8 - 10.

	2019	2018
Tax expense consists of:		
Tax payable on taxable income	0	0
Change in deferred tax	0	0
Tax expense	0	0
Tonnage tax (booked as operating cost)	10	3
Deferred tax:		
Revaluation account	-48	-25
Financial losses brought forward	-47	-6
Basis for deferred tax/deferred tax asset	-95	-31
Deferred tax/deferred tax asset (22%)	-21	-7
Deferred tax benefit not shown in the balance sheet	21	7
Deferred tax benefit in the balance sheet	0	0

Deferred tax benefit is not recognised in the balance sheet due to uncertainties related to future utilisation of financial losses brought forward.

Tax payable in the balance sheet:

Taxable financial income	0	0
Tonnage tax	10	3
Tax payable in the balance sheet	10	3

Note 9 Payroll expenses, auditor's fee etc.

Figures in USD 1 000

Payroll expenses, number of employees, remuneration etc.

The company has no employees, no remuneration was paid to the CEO or the Board, and no loans or guarantees have been given to the CEO, Board Chair or other close associates.

Auditor's fee	2019	2018
Statutory audit (incl. technical assistance with financial statements)	4	2
Tax advisory fee (incl. technical assistance with tax return)	3	
Other non-audit services		
Total fees to auditor, excl VAT	7	2

Note 10 Financial risk management

The company uses various financial derivatives to manage its financial market risk. This includes forward contracts, options, interest rate swaps and forward freight agreements.

Interest rate risk

The company's long term debt are at floating interest rate terms, exposing the company to interest rate risk.

The company's strategy is to hedge its interest rate exposure by utilizing interest rate swap agreements.

Gains and losses arising from interest rate swaps are recognised in the same period as the related interest expense.

At 31.12.19 the company had not entered into interest rate swaps agreements.

Foreign exchange risk

The company hedges, from time to time, expenditures in currencies other than USD through forward contracts. At 31.12.19 the company had not entered into hedging through the use of currency swaps.



Grieg Shipping III AS
Notes to the financial statement for 2019

Note 11 Events after the Balance Sheet Day

The recent outbreak of corona virus (COVID-19) has however stirred global market fundamentals in a short amount of time, increasing uncertainty across industries world-wide including seaborne transportation activities. The impact from this on Grieg Star's results are uncertain. At the time of submitting the 2019 accounts, this risk is on the downside vs original but still modest expectations for 2020.



Grieg Shipping III AS
Notes to the financial statement for 2019



To the General Meeting of Grieg Shipping III

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grieg Shipping III, which comprise the balance sheet as at 31 December 2019, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

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

Other information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Sandviksbodene 2A, Postboks 3984 - Sandviken, NO-5835 Bergen
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - Grieg Shipping III

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

(2)



Independent Auditor's Report - Grieg Shipping III

Bergen, 20 March 2020
PricewaterhouseCoopers AS

Jon Haugervåg
State Authorised Public Accountant
(This document is signed electronically)

Note: This translation from Norwegian has been prepared for information purposes only.

(3)



 Securely signed with Brevio

Revisjonsberetning - Grieg Shipping III AS

Signers:

Name	Method	Date
Haugervåg, Jon	BANKID_MOBILE	2020-03-23 08:55

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- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



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of the document.



Skatteetaten

Vår dato 12.12.2018	Din dato 26.11.2018	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din referanse Kari T. Tøpstad	Telefon 22078139
Org.nr 996250318	Vår referanse 2012/490448	Postadresse Postboks 9200 Grønland 0134 Oslo

GRIEG STAR GROUP AS
Postboks 781
5807 BERGEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Grieg Shipping III AS, org.nr. 921 196 598

Vi viser til deres brev av 26. november 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Grieg Shipping III AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Grieg Shipping III AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge 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

Grieg Shipping III AS et nytt selskap i Grieg Star Group AS. Alle de øvrige konsernselskapene har tidligere fått dispensasjon til å benytte engelsk språk. Grieg Star Group driver sin virksomhet innenfor internasjonal industriell shipping. Gruppen har egne skip, men benytter i tillegg innleid tonnasje. Det vesentlige av virksomheten foregår i utlandet. Majoriteten av de ansatte er også utenlandske. Shipping er en internasjonal bransje og skipene opererer rundt i hele verden og har internasjonale motparter for de ulike reiser som utføres. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Det interne arbeidsspråket i selskapene er også engelsk og all intern rapportering skjer på dette språket. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Efter 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 mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og



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

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

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

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapet inngår i et konsern hvor de øvrige konsernselskapene har dispensasjon til å benytte engelsk. Konsernets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at konsernet driver virksomhet i en internasjonal bransje der alle sentrale aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Jeanette Munkvold Skovholt
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 02.07.2012	Vår dato 15.08.2012
Telefon 22078139	Deres referanse Atle Nordby	Vår referanse 2012/490448

GRIEG SHIPPING GROUP AS
Postboks 781
5807 BERGEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til deres brev av 3. juli 2012 samt telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Grieg Star Group AS	org. nr. 991 258 965
Grieg Star Shipping AS	org. nr. 920 958 524
Grieg Star Bulk AS	org. nr. 997 580 087
Grieg Star AS	org. nr. 932 350 467
Grieg Green AS	org. nr. 995 509 601
Grieg Shipowning AS	org. nr. 982 706 645
Grieg Shipping II AS	org. nr. 822 195 482
Grieg International II AS	org. nr. 882 706 672

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper 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.

Bakgrunn

Grieg Star Group AS er morselskap i et underkonsern. Konsernspissen er Grieg Maturitas AS som igjen er eiet av flere aksjeselskaper. Grieg Star Group har også flere datterselskaper og avdelinger i utlandet. Grieg Star Group driver sin virksomhet innenfor internasjonal industriell shipping. Gruppen har 25 egne skip, men benytter i tillegg innleid tonnasje slik at det i snitt er cirka 40 skip som er i aktivitet. Det vesentlige av virksomheten foregår i utlandet. Majoriteten av de ansatte er også utenlandske. Shipping er en internasjonal bransje og skipene opererer rundt i hele verden og har internasjonale motparter for de ulike reiser som utføres. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Det interne arbeidsspråket i selskapene er også engelsk og all intern rapportering skjer på dette språket. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

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

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For elektronisk henvendelse se www.skatteetaten.no		



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

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

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

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

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at eierkretsen er begrenset og hovedaksjonærene er aksjeselskaper. Selskapene inngår i et underkonsern. Konsernets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland