Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2018 - 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, 07.09.2020

Resultatregnskap

Beløp i: USD	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Operating income	3,4	9 144 000	11 363 000
Sum inntekter		**9 144 000**	**11 363 000**
Kostnader			
Timecharter expenses	3,5	10 635 000	15 124 000
General and administrative expenses	3,6,7	17 000	30 000
Sum kostnader		**10 652 000**	**15 154 000**
Driftsresultat		**-1 508 000**	**-3 791 000**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		0	2 000
Annen renteinntekt		1 000	6 000
Currency gain	9	0	248 000
Sum finansinntekter		**1 000**	**256 000**
Impairment losses	8	0	8 800 000
Currency loss	9	0	239 000
Loss from sale of non-current assets	8	17 238 000	0
Sum finanskostnader		**17 238 000**	**9 039 000**
Netto finans		**-17 237 000**	**-8 783 000**
Ordinært resultat før skattekostnad		**-18 745 000**	**-12 574 000**
Tax	10	0	0
Ordinært resultat etter skattekostnad		**-18 745 000**	**-12 574 000**
Årsresultat		**-18 745 000**	**-12 574 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-18 745 000	-12 574 000
Sum overføringer og disponeringer		**-18 745 000**	**-12 574 000**

Balanse

Beløp i: USD	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	8	44 000	17 281 000
Sum finansielle anleggsmidler		**44 000**	**17 281 000**
Sum anleggsmidler		**44 000**	**17 281 000**
Omløpsmidler			
Varer			
Fordringer			
Other current assets		1 000	0
Konsernfordringer	3	1 730 000	2 035 000
Sum fordringer		**1 731 000**	**2 035 000**
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	12	14 000	28 000
Sum bankinnskudd, kontanter og lignende		**14 000**	**28 000**
Sum omløpsmidler		**1 745 000**	**2 063 000**
SUM EIENDELER		**1 789 000**	**19 344 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	13	1 652 000	1 652 000
Overkurs		-1 392 000	5 265 000
Sum innskutt egenkapital		**260 000**	**6 917 000**
Opptjent egenkapital			

Balanse

Beløp i: USD	Note	2018	2017
Other equity		0	12 088 000
Sum opptjent egenkapital		**0**	**12 088 000**
Sum egenkapital		**260 000**	**19 005 000**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Kortsiktig konserngjeld	3	1 513 000	336 000
Trade payables		14 000	0
Other current liabilities		2 000	3 000
Sum kortsiktig gjeld		**1 529 000**	**339 000**
Sum gjeld		**1 529 000**	**339 000**
SUM EGENKAPITAL OG GJELD		**1 789 000**	**19 344 000**

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Rune Tystad	18.11.2011	28.11.2011
Telefon	Deres referanse	Vår referanse
977 59 464	Nicholas Nunn	2011/1133256

Kristian Gerhard Jebsen Skipsrederi AS
Folke Bernadottes vei 38
5147 FYLLINGSDALEN

Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for Kristian Gerhard Jebsen Skipsrederi AS med datter- og datterdatterselskaper

Det vises til deres brev av 18. november 2011 til Finansdepartementet hvor søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskapet:

Kristian Gerhard Jebsen Skipsrederi AS (konsern), org.nr. 914 530 393
KGJ Cement AS, org.nr. 892 749 132
Cement Shipinvest AS, org.nr. 987 625 295
SKS Obo & Tankers AS, org.nr. 930 197661
KGJS Tank AS, org.nr. 952 969 560
SKS Tankers Holding AS, org.nr. 993 452 009
Norship AS, org.nr. 936 101 283

Da Finansdepartementets kompetanse etter regnskapsloven § 3-4 tredje ledd annet punktum er delegert til Skattedirektoratet, er søknaden oversendt oss for behandling.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Kristian Gerhard Jebsen Skipsrederi AS med datter- og datterdatterselskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn
Kristian Gerhard Jebsen Skipsrederi AS er et internasjonalt konsern som har som hovedbeskjeftigelse å eie og drive skip herunder utføre administrative oppgaver som befraktning, operasjon og teknisk drift. Det er på telefon opplyst at selskapet er eid av Pyne Ltd med 61,2 %, Tom Dahl AS med 30,8 % og Stiftelsen Kristian Gerhard Jebsen med 8 %. Selskapene det søkes om dispensasjon for foruten morselskapet Kristian Gerhard Jebsen Skipsrederi AS, er alle direkte eller indirekte 100 % eid av morselskapet. Det er opplyst at konsernets arbeidsspråk er engelsk. Konsernet utarbeider i dag årsregnskaper både på norsk og engelsk for en rekke av sine datterselskaper. Konsernet er av internasjonal karakter innenfor skipsfart og dette innbefatter at selskapet må utarbeide engelsk versjon av konsernregnskapet samt for en rekke tilhørende datterselskaper for å tilfredsstille kravene til sine bankforbindelser, kunder, leverandører etc. De norske versjonene utarbeides kun for å tilfredsstille regnskapsloven.

Postadresse
Postboks 9200 Grønland
0134 Oslo
Besøksadresse
Se www.skatteetaten.no
Org. nr: 996250318
Sentralbord
800 80 000
Telefaks
22 17 08 60
For elektronisk henvendelse se www.skatteetaten.no

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

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:
"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

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

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

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at konsernet er av internasjonal karakter innenfor skipsfart og at dette innbefatter at selskapet må utarbeide engelsk versjon av konsernregnskapet samt for en rekke tilhørende datterselskaper for å tilfredsstille kravene til sine bankforbindelser, kunder, leverandører etc. Det er videre lagt vekt på at konsernets arbeidsspråk er engelsk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

To the General Meeting of KGJS Tank AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KGJS Tank AS, which comprise the balance sheet as 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.

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

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.

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

KGJS TANK AS

STATEMENT OF CASH FLOWS

	Notes	31 December 2018 USD 000	31 December 2017 USD 000
Cash flows from operating activities:			
Net income/(loss) before tax		-18 745	-12 574
Impairment losses/ (Reversal impairment losses)	8	0	8 800
(Profit)/loss from sale of assets	8	17 238	0
Changes in trade debtors		304	12 125
Changes in trade creditors		14	333
Changes in related party receivables/payables		1 177	-11 567
Changes in other current assets/liabilities		- 1	0
Net cash provided by operating activites		- 14	-2 884
Cash flows from investing activities:			
Investments in associates	8	0	- 44
Net cash provided by/(used in) investing activities		0	- 44
Cash flow from financing activities:			
Net cash provided by/(used in) financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		- 14	-2 927
Cash and cash equivalents at beginning of year	12	28	2 955
Cash and cash equivalents at end of year	12	14	28

DIRECTORS' REPORT 2018

KGJS TANK AS
(the Company)

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

The Company has one combination carrier of 121 000 dwt. (SKS M-class) and one Suezmax tanker of 159 000 dwt. (SKS S-class) on timecharter. Both vessels are commercially operated by the related pool entity SKS Pool AS (Pool Company). During 2018 the Company sold its shares in SKS OBO & Tankers AS to SKS Tankers Holding AS.

Result
The net loss for 2018 was USD 18.7 mill. compared to USD 12.6 mill. in 2017. A loss from sale of its shares in SKS OBO & Tankers AS makes up the majority of the net loss.

The variance between the result and the cash flow from operating activities is mainly due to the loss from sale of assets.

The board recommends that the Company's net loss of USD 18.7 mill. is transferred to other equity with USD 12.1 mill. and to share premium with USD 6.7 mill.

Investments
The Company had no investments in non-current assets 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 14 000.

Going concern
The annual financial statements are presented based on a going concern assumption and give a true and fair view of the Company's assets and liabilities, financial position and results. Based on available cash, planned investments and projected cash flow, the Company believes it has a satisfactory financial position.

Risks
The risks that the Company is exposed to can generally be divided into three main categories: industry and market-related risks, operational risks and financial risks. Industry, market and operational risks relate indirectly to its revenues. Financial risks consists primarily of interest and currency rate exposure. To mitigate such risks, the Company and the Pool company use financial instruments (as described in note 14 to the accounts), contracts of affreightment and time-charters.

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

The Company has no employees.

Outlook
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
KGJS Tank AS

Hans Peter Jebsen
Board member

Jan Pedersen
Chairman

Jarle Haugsdal
Board member

Torstein Gjærder Bruvik
Board member

Geir Bruvik Mjelde
CEO

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KGJS TANK AS

STATEMENT OF CHANGES IN EQUITY

	Share capital USD 000	Share premium USD 000	Other equity USD 000	Total equity USD 000
Equity at 31.12.2017	1 652	5 265	12 087	19 005
Net income 2018	0	-6 658	-12 087	-18 745
Equity at 31.12.2018	1 652	-1 392	0	260

KGJS TANK AS

NOTES TO THE FINANCIAL STATEMENTS

1. General information

KGJS Tank AS (the Company) is fully owned by SKS Tankers Holding AS, a subsidiary of Kristian Gerhard Jebsen Skipsrederi AS (KGJS). KGJS presents consolidated financial statements, which include the financial statements of the Company. The Company is located in Bergen, Norway.

The Company has one combination carrier of 121 000 dwt. (SKS M-class) and one Suezmax tanker of 159 000 dwt. (SKS S-class) on timecharter. Both vessels are commercially operated by the related pool entity SKS Pool AS (Pool Company). During 2018 the Company sold its shares in SKS OBO & Tankers AS to SKS Tankers Holding AS.

2. Accounting principles

a. Basis of preparation

The Company prepares its financial statements according to "Simplified International Financial Reporting Standards" (IFRS) as dealt with in The Norwegian Accounting Act and Regulations dated 21 January 2008. This principally implies that all calculations and measurement methods are carried out in accordance with IFRS, while presentation and notes follows the Norwegian Accounting Act and Norwegian GAAP. The Company employs the simplifying rules relating to dividends and group contributions as regulated in The Norwegian Accounting Act.

The accounting year equals the calendar year and the items of the income statement are presented by order of type.

b. Changes in accounting principles and errors

The impact of changes in accounting principles and correction of significant errors in previous annual accounts are reported directly to equity. Comparative figures are revised accordingly.

c. Classification of assets and liabilities

Assets are classified as current assets when:

- the asset is expected to be disposed of or consumed within 12 months of the reporting date
- the asset is held for trading
- the asset is cash or cash equivalents, except for items having restrictions to be exchanged within 12 months of the reporting date.

All other assets are classified as non-current assets.

Liabilities are classified as current liabilities when:

- the liability is expected to be settled within 12 months of the reporting date
- the liability is held for trading
- the Company does not have an unconditional right to postpone settlement of the liability until at least 12 months after the reporting date.

All other liabilities are classified as non-current liabilities.

d. Currency

The financial statements are presented in US Dollars (USD) as the Company operates in an international market where the functional currency is USD. Transactions in non-USD currencies are recorded at the exchange rate on the date of the transaction. Monetary items and debt in non-USD currencies are converted to USD at the rate of exchange prevailing at the reporting date. Currency gains and losses are recognised on the income statement classified as financial items.

e. Cash and cash equivalents

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

f. Accounts receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. The interest factor is ignored if insignificant. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of the receivables.

g. Long term shareholding and other shares

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

h. Borrowings

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

i. Contingent assets, liabilities and provisions

Contingent liabilities are defined as:

- Possible liabilities resulting from past events, but where its existence relies on future events
- Liabilities which are not accounted for as it is not likely that such liabilities will result in a cash outflow
- Liabilities which cannot be measured reliably.

Any major contingent liabilities are disclosed in notes to the accounts. A contingent asset will not be recorded in the accounts, but included as a note if it is likely that the Company will benefit from such asset.

Contingent liabilities and provisions are recognised in the accounts when it is deemed the Company has a lawful obligation that can be measured reliably and it is likely with a more than 50% probability that settlement will take place. Contingent liabilities and provisions are reviewed at each reporting date and adjusted to best estimate. When timing is insignificant, the liability is reported at the estimated cost of release from the liability. Otherwise, when timing is significant for the amount of the liability, the liability is recognised at fair value. Any increase over time in the amount of the liability is reported as interest costs.

j. Equity

Ordinary shares are classified as equity. Transaction costs related to equity transactions, including any tax effect of the transaction costs, are charged directly to equity.

k. Revenue recognition

The Company 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.

Operating income mainly comprise the Company's share of the Pool net revenue (PNR) for the corresponding periods from the Pool company. Revenues and voyage expenses of the vessels are pooled and the resulting PNR, calculated on a time-charter equivalent basis, are allocated to pool participants according to an agreed formula. Formulas used to allocate PNR to pool participants are based on the number of days a vessel operates in the Pool with weighting adjustments made to reflect vessels' differing earnings capacities. Any cargo and voyage related loss contingencies are, as soon as expected, recorded in the Pool's net revenue. The distribution of the PNR to the vessel owners are described further in note 3c. The gross revenue in the Pools consists of freight, charter hire, demurrage and other operating related income. Revenue is recognised based on the "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.

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.

l. Taxes

The current income tax charge is calculated on the basis of the tax laws enacted or principally enacted at the reporting date. Management periodically evaluates the tax positions with respect to situations in which applicable tax regulations are subject to interpretation and on this basis establishes provisions for payable tax amounts.

Deferred income tax is provided for all temporary variances arising between the tax bases of assets and liabilities compared to the carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary variances can be utilised.

Both payable tax and deferred tax are recognised directly in equity, to the extent they relate to items recognised directly in equity.

m. Impairment of assets

Assets that are subject to depreciation are reviewed for impairment at each reporting date, or when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Fair value reduced by estimated sale costs is made up of an attainable sale price less expenses to an independent third party. The recoverable amount is calculated for each cash-generating unit (CGU).

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses which are reported in previous years' income statement are reversed when succeeding events indicates that the cause of the write down is no longer valid. The reversal is classified in income statement as an impairment reversal. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

n. Derivative financial instruments and hedging

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

All derivatives are recognised on the balance sheet at their fair value. Changes in the fair value are currently recorded in the income statement in the period in which the change in fair value occurs. Classification depends on the nature of the item being hedged. The effective portion of cash flow hedges is recognised in other comprehensive income (hedge accounting). The Company did not apply hedge accounting in 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.

o. Segments

A business segment provides services that are subject to risks and returns that are different from those of other business segments.

The Company's primary reporting format is based on the Company's internal reporting having the following two main business segments:

- LR2/Aframax
- Suezmax

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

p. Financial assets

Financial assets are classified as follows:

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

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Available-for-sale investments

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

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

q. Events after the reporting date

New information about the Company's financial standing at the reporting date is included in the financial statements. Events occurring after the reporting date that have no impact on the Company's financial position at the reporting date, but which have a significant impact on future periods, are presented in notes to the accounts.

r. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable. Accounting estimates are employed in the financial statements to determine reported amounts, including the useful life and disposal value of vessels. Actual results could differ from those estimates.

s. Statement of cash flows

The statement of cash flows presents the total cash flow divided into operational activities, investment activities and financing activities. The statement is prepared using the indirect model and reflects the individual activities' impact on the cash reserve.

3. Related parties

In the normal course of its business, the Company enters into a number of transactions with related parties. Related parties comprise principal owners of the Company and companies controlled by those owners, management of the Company and companies in which the Company can exercise significant influence over their management or operating policies.

a. Relationship with KGJS

KGJS provides the Company with administrative services and charges management fees. These costs amounted to USD 14 091 in 2018 compared to USD 14 154 in 2017 and are recorded in the income statement as general and administrative expenses.

b. Relationship with SKS OBO & Tankers AS

The Company has one 121 000 dwt. combination carrier (SKS M-class) and one 159 000 dwt tank carrier (SKS S-class) on timecharter from SKS OBO & Tankers AS. During 2018 the Company paid USD 10.6 mill. in timecharter hire.

c. Relationship with SKS Pool AS

SKS Pool AS (Pool company) is fully owned by SKS Tankers Holding AS. The Pool company has entered into a Pool agreement with the Company and in accordance with the agreement, the Company receives by way of hire a share of the Pool's net revenue (PNR). The PNR is arrived at by calculating the gross revenues for the year minus the expenses, including voyage related expenses and administrative expenses. The Company's share of the PNR is calculated based on the number of days each vessel has been on-hire during the year. On-hire days are weighted by vessel type according to earning capacity. The Pool company is obliged, by the Pool agreement, to distribute all its surplus cash, after deducting ordinary working capital, to the owners of the vessels minimum on a monthly basis.

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

For the year ended 31 December 2018 (in US Dollar thousands)	LR2/Afiamax	Suezmax	Total
The Company's share of PNR	3 786	5 358	9 144

KGJS TANK AS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017 (in US Dollar thousands)	LR2/Aframax	Suezmax	Total
The Company's share of PNR	5 084	6 279	11 363

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 Pool AS.....	1 730	2 035
Total current related party receivables	1 730	2 035

For the years ended 31 December (in US Dollar thousands)	2018	2017
Related party payables – SKS OBO & Tankers AS	1 513	336
Total current related party payables	1 513	336

The year-end balance relating to the Pool company is unsecured, interest free and repayable in cash on demand.

4. Operating income

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

5. Timecharter expenses

For the year ended 31 December 2018 (in US Dollar thousands)	LR2/Aframax	Suezmax	Total
Timecharter expenses	4 669	5 965	10 634
Total	4 669	5 965	10 634

For the year ended 31 December 2017 (in US Dollar thousands)	LR2/Aframax	Suezmax	Total
Timecharter expenses	6 142	8 982	15 124
Total	6 142	8 982	15 124

KGJS TANK AS

NOTES TO THE FINANCIAL STATEMENTS

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	14	14
Statutory audit fees	3	3
Other audit services	0	13
Total	17	30

7. Salaries, benefits and number of employees

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

8. Investments in associates

For the year ended 31 December 2018 (in US Dollar thousands)	Registered office	Equity USD 000	Net result USD 000	Share/ voting rights	Book value USD 000
KGJS Kysttank AS	Bergen	306	16	9%	44
Total					44

The Company has evaluated its investments for potential impairment losses. If the book value of shares is higher than the adjusted shareholders equity in the corresponding company, impairment occurs. Adjusted shareholder equity is calculated based on excess or less value in the company. During 2018 the Company sold its shares in SKS OBO & Tankers AS to SKS Tankers Holding AS, at a total loss of USD 17.2 mill.

Based on the review, the Company concluded that there is no impairment, or reversal of impairment, on its investments in 2018.

9. Other financial items

For the years ended 31 December (in US Dollar thousands)	2018	2017
Currency gains	0	248
Currency losses	0	- 239
Total	0	9

KGJS TANK AS

NOTES TO THE FINANCIAL STATEMENTS

10. Taxes

For the years ended 31 December (in US Dollar thousands)	2018	2017
Deferred tax benefit expensed	225	931
Changes in deferred tax – ordinary taxation	- 278	- 971
Changes in deferred tax - effect of changes in tax rate	53	40
Total tax expense/ (income)	0	0

Reconciliation of nominal and effective tax rate:

For the years ended 31 December (in US Dollar thousands)	2018	2017
Net income/(loss) before tax	-18 745	-12 574
Estimated tax expense (23% / 24%)	-4 311	-3 018
Difference between estimated and actual tax expense	4 311	3 018
Total tax expense/(income)	0	0

Specification of differences between estimated and actual tax expense:

For the years ended 31 December (in US Dollar thousands)	2018	2017
Impairment financial assets	3 965	2 112
Currency transaction and other permanent differences	69	- 65
Effect of changes in tax rate	53	40
Effect of deferred tax benefit expensed	225	931
Total difference between estimated and actual tax expense	4 311	3 018

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 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	-5 254	-4 046
Total basis for deferred tax(+)/tax benefit(-)	-5 254	-4 046

KGJS TANK AS

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax and changes in deferred tax:

For the years ended 31 December (in US Dollar thousands)	2018	2017
Deferred tax (+)/ tax benefit (-)……	-1 156	- 931
Changes in deferred tax (+)/ benefit (-)……	- 225	- 931

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

Payable tax:

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

11. Non-current assets

The Company has entered into time charter agreements of hiring vessels which are not recognised in the balance sheet. At 31 December 2018 the company has one combination carrier (SKS M-class) and one Suezmax (SKS S-class) on short-term timecharter.

For the years ended 31 December (in US Dollar thousands)	2018	2017
Hire of LR2/Aframax vessels……	4 669	6 142
Hire of Suezmax-vessel……..	5 965	8 982

Vessels time charter expense (in US Dollar thousands)	Due within 1 year	Due within 1 – 5 years	Thereafter	Total
1 LR2/Aframax vessel…….	1 888	0	0	1 888
1 Suezmax vessel……	1 972	0	0	1 972

12. Cash and cash equivalents

For the years ended 31 December (in US Dollar thousands)	2018	2017
Cash in bank……	14	28
Total	14	28

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 9 400 each.

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

14. Risk management and other hedging activities

Risk management

a. Credit risk
The Company is exposed to credit risk in the event of failure of counter-parties to meet their obligations under a trading transaction. The Company's theoretical risk is the cost of replacement at current market prices of such transactions in the event of default by counter-parties. However, counter-parties are established with high credit ratings, and management believes that the possibility of non-performance by the counter-parties is remote. The Company therefore regards its maximum exposure to credit risk as being the carrying amount of receivables and other current assets. No collateral is held as security against receivables, none of which are considered to be impaired. The Company does not believe it is exposed to any material concentrations of credit-risk.

b. Liquidity risk
The Company aims to have adequate liquid assets and/or available credit lines at 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 to with floating interest rates.

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

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

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

15. Contingencies

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.

16. Subsequent events

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