



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 916 116 934
Organisasjonsform: Aksjeselskap
Foretaksnavn: SKS SHIPOWNING III AS
Forretningsadresse: Zander Kaaes gate 7
5015 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: Jan Håvard Faye Vågsholm
Dato for fastsettelse av årsregnskapet: 14.06.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

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, 01.07.2022



Resultatregnskap

Beløp i: USD	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	4	3 944 000	10 750 000
Sum inntekter		3 944 000	10 750 000
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	8	1 725 000	1 545 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		1 351 000	
Vessel related expenses	3,5	3 318 000	3 029 000
Administrative expenses	3,6,7	253 000	202 000
Sum kostnader		6 647 000	4 776 000
Driftsresultat		-2 703 000	5 974 000
Finansinntekter og finanskostnader			
Annen renteinntekt		18 000	1 000
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi	9	1 000	
Sum finansinntekter		19 000	1 000
Rentekostnad til foretak i samme konsern	3	504 000	696 000
Annen finanskostnad	9		4 000
Sum finanskostnader		504 000	700 000
Netto finans		-485 000	-699 000
Ordinært resultat før skattekostnad		-3 188 000	5 275 000
Skattekostnad på ordinært resultat		-101 000	1 221 000
Ordinært resultat etter skattekostnad		-3 087 000	4 054 000
Årsresultat		-3 087 000	4 054 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-3 087 000	4 054 000
Sum overføringer og disponeringer		-3 087 000	4 054 000



Balanse

Beløp i: USD	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	8		28 826 000
Sum varige driftsmidler			28 826 000
Sum anleggsmidler		0	28 826 000
Omløpsmidler			
Varer			
Varer	11	1 000	727 000
Sum varer		1 000	727 000
Fordringer			
Kundefordringer	12		6 000
Andre fordringer	13	2 085 000	521 000
Konsernfordringer	3	7 535 000	
Sum fordringer		9 620 000	527 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	14	51 000	60 000
Sum bankinnskudd, kontanter og lignende		51 000	60 000
Sum omløpsmidler		9 672 000	1 314 000
SUM EIENDELER		9 672 000	30 140 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	15	36 000	36 000
Annen innskutt egenkapital		224 000	224 000



Balanse

Beløp i: USD	Note	2021	2020
Sum innskutt egenkapital		260 000	260 000
Opptjent egenkapital			
Annen egenkapital		1 954 000	6 605 000
Sum opptjent egenkapital		1 954 000	6 605 000
Sum egenkapital		2 214 000	6 865 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	10	1 524 000	1 221 000
Sum avsetninger for forpliktelser		1 524 000	1 221 000
Annen langsiktig gjeld			
Langsiktig konserngjeld	3,16		20 460 000
Sum annen langsiktig gjeld			20 460 000
Sum langsiktig gjeld		1 524 000	21 681 000
Kortsiktig gjeld			
Leverandørgjeld		129 000	1 141 000
Kortsiktig konserngjeld	3	5 793 000	
Annen kortsiktig gjeld	17	12 000	453 000
Sum kortsiktig gjeld		5 934 000	1 594 000
Sum gjeld		7 458 000	23 275 000
SUM EGENKAPITAL OG GJELD		9 672 000	30 140 000



To the General Meeting of SKS Shipowning III AS

Independent Auditor's Report

Opinion

We have audited the financial statements of SKS Shipowning III AS (the Company), which comprise the balance sheet as at 31 December 2021, 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 financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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

The Board of Directors (management) is responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. 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 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Independent Auditor's Report - SKS Shipowning III AS



Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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 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>

Bergen, 7 March 2022
PricewaterhouseCoopers AS

Fredrik Gabrielsen
State Authorised Public Accountant

(This document is signed electronically)



 Securely signed with Brevio

Revisjonsberetning

Signers:

Name	Method	Date
Gabrielsen, Fredrik	BANKID_MOBILE	2022-03-16 08:28

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DIRECTORS' REPORT 2021

SKS SHIPOWNING III AS (the Company)

Business summary

SKS Shipowning III 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.

Until 10 December 2021, the Company owned one product carrier of 120 000 dwt. (SKS D-class) trading in the LR2/Aframax market. Commercial and administrative services are provided by KGJS. Technical management of the vessels was provided by OSM Bergen Tank AS.

After the sale of the vessel, the Company does not own any non-current assets.

Result

The net loss for 2021 was USD 3.1 mill. compared to net profit of USD 4.1 mill. in 2020.

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

The board recommends that the Company's net loss of USD 3.1 mill. is transferred to Other equity.

Investments

Total investments in non-current assets amounted to USD 0 mill. at the end of 2021 compared to USD 28.8 mill. at the end of 2020. The reduction in total investments in non-current assets is due to sale of vessel during 2021.

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 2021, the cash reserve was USD 0.1 mill..

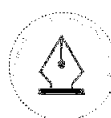
Going concern

The annual financial statements are prepared and presented based on a going concern assumption as described in clause 3.3 in the Norwegian Accounting Act and give a true and fair view of the Company's assets and liabilities, financial position and results. Based on available cash and projected cash flow, it is the Board's opinion that the Company is in a good financial standing.

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.

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Insurance

The Company has a Directors and Officers insurance in place. The insurance covers liability for financial loss of third parties due to neglect, error or omissions from any directors and officers of the Company in their capacity of such position. The insurance does not cover damage to persons or property.

Annual renewal of the Directors and Officers insurance is in January each year and next renewal is in January 2023.

Quality, health, safety and environment

The Company outsourced technical management to third party contractors. Structured monitoring and audit processes were in place to ensure that our sub-suppliers met specific quality requirements. The Company expected that contracted ship management suppliers maintained strong focus on 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 was carried out continuously based on a long-term preventive maintenance program.

The vessel consume heavy fuel oil and diesel oil. Fuel consumption was carefully monitored to reduce consumption. The Company maintained full compliance with the global 0.5% Sulphur cap since on or before the date of implementation, and monitored fuel compliance closely as part of the continuous vessel operation.

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

The Company has no employees.

Outlook

The shipping industry continues to be affected by the Covid-19 pandemic in numerous ways, including severe restrictions for the world fleet to carry out required crew changes. Notwithstanding ongoing vaccination of seafarers, such restrictions lead to heavy burdens on seafarers and the entire maritime supply chain. The Group is engaged in several initiatives to alleviate this situation.

The world economy continues to recover as a result of increased vaccination rates and fewer restrictions on mobility. Central banks continue to stimulate economic activity. A positive development is expected to continue in the near term, however increasing inflation, geopolitical tensions, and new outbreaks of Covid-19 may pose risks to further global economic recovery.

Despite an improvement in global oil demand, tanker markets are expected to remain weak until a rebalancing of global oil markets. A gradual improvement may be expected as crude oil production and refinery output increases in accordance with improved demand. Fleet growth is expected to slow down in 2022 compared to previous years for crude and product tankers. Considering the age profile of the current tanker fleet, as well as new regulatory requirements entering into force in 2023, there is potential for increased phase out of older tankers which may improve the tanker market balance.



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Volatility is expected to remain high in the tanker and dry bulk markets, including the price of vessel fuels.

Future regulations for reducing Greenhouse Gas (GHG) emissions may have a significant impact on freight markets and trading patterns for all segments of the shipping industry. The Group is following these developments closely and considers itself well prepared to handle new environmental requirements.

Currently, it is difficult to assess the impact the Russian-Ukrainian conflict will have on the shipping industry, and particularly the tanker markets. The Company is monitoring the development closely.

Bergen, 7 March 2022

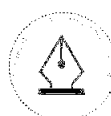
The board of directors of
SKS Shipowning III AS

Ørjan Lunde
Board member

Geir Bruvik Mjelde
Chairman

Jarle Haugsdal
Board member

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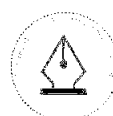
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SKS SHIPOWNING III AS

STATEMENT OF CASH FLOWS

		31 December 2021	31 December 2020
	Notes	USD 000	USD 000
Cash flows from operating activities:			
Net income/(loss) before tax.....		-3 189	5 275
Depreciation and amortisation.....	8	1 725	1 545
Impairment losses.....	8	1 351	
Changes in inventories.....	11	726	- 638
Changes in trade debtors.....		6	- 420
Changes in trade creditors.....		-1 012	937
Changes in other current assets/liabilities.....	3	- 166	- 984
Net cash provided by operating activities.....		<u>- 557</u>	<u>5 714</u>
Cash flows from investing activities:			
Investments in tangible assets.....	3, 16	0	- 716
Sale of non-current assets.....	8	25 750	0
Loans to group companies.....	3	-7 535	0
Net cash provided by/(used in) investing activities.....		<u>18 215</u>	<u>- 716</u>
Cash flows from financing activities:			
Loans from group companies.....	3	-17 667	-5 850
Net cash provided by/(used in) financing activities.....		<u>-17 667</u>	<u>-5 850</u>
Net increase/(decrease) in cash and cash equivalents.....		- 10	- 852
Cash and cash equivalents at beginning of year.....		60	912
Cash and cash equivalents at end of year.....	14	<u>51</u>	<u>60</u>



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Skattedirektoratet

Saksbehandler Rune Tystad	Deres dato 04.12.2015	Vår dato 10.12.2015
Telefon 977 59 464	Deres referanse Nicholas Nunn	Vår referanse 2011/1133256

KRISTIAN GERHARD JEBSEN SKIPSREDERI AS
Folke Bernadottes vei 38
5147 FYLLINGSDALEN

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

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

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

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

Bakgrunn

SKS Shipowning III AS er et 100 % eid selskap av SKS Tankers Holding AS som igjen er 100 % eid av Kristian Gerhard Jebsen Skipsrederi AS. Kristian Gerhard Jebsen Skipsrederi AS med datter- og datterdatterselskaper er tidligere gitt dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk. Det er opplyst at konsernets arbeidsspråk er engelsk. Konsernet er av internasjonal karakter innenfor skipsfart og dette innbefatter at selskapet må utarbeide engelsk versjon av konsernregnskapet samt for en rekke tilhørende datterselskaper for å tilfredsstille kravene til sine bankforbindelser, kunder, leverandører etc. De norske versjonene utarbeides kun for å tilfredsstille regnskapsloven.

Skattedirektoratets vurdering

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

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

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

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800 80 000
Telefaks
22 17 08 60



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 saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

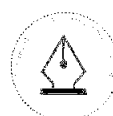
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SKS SHIPOWNING III AS

STATEMENT OF CHANGES IN EQUITY

	Share capital USD 000	Share premium USD 000	Other equity USD 000	Total equity USD 000
Equity at 31.12.2020.....	36	224	6 605	6 866
Net income/(loss) 2021.....	0	0	-3 087	-3 087
Group contribution	0	0	-3 000	-3 000
Group contribution	0	0	1 435	1 435
Equity at 31.12.2021.....	36	224	1 953	2 214



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SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

1. General information

SKS Shipowning III AS (the "Company") is fully owned by SKS Tankers Holding AS ("SKH"), 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.

Until 10 December 2021, the Company owned one product carrier of 120 000 dwt. (SKS D-class) trading in the LR2/Aframax market. The vessel was commercially operated by the related pool entity SKS Pool AS ("Pool Company") part of 2021. Commercial and administrative services are provided by KGJS. Technical management of the vessel was provided by OSM Bergen Tank 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 18 December 2020. 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 classified by their nature.

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. 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 in the income statement classified as financial items.

d. 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.

e. 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.

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SKS SHIPOWNING III AS

NOTES TO THE FINANCIAL STATEMENTS

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.

f. 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 the ships sail on a worldwide basis.

g. Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Operating income consist of freight, charter hire, other operating related income and the Company's share of the Pool net revenue (PNR) for the corresponding periods from the Pool company. Freight is recognised based on the "load to discharge" method. Freight and related voyage expenses not completed at the reporting date are recognised based on the basis of the proportion of the voyage completed at the end of the reporting date. Voyage related expenses from discharge to load is considered as cost to fulfil a contract and recognised in the balance sheet if a related contract is signed before the reporting date. If no contract is signed before the reporting date the voyage related expenses are recognised in the income statement. Charter hire is recognised over the term of the contract as the service is provided. Revenues and voyage expenses of the vessels in the Pool company 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 3b.

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

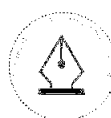
Group contributions are recorded as appropriations in the same year as it is proposed.

h. 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.

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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. In cases where the equity transaction is considered a distribution and the source of the distribution is earlier years' net profit, the tax effect of the distribution should be recognised as tax expense in the year in which the distribution is recognised.

i. Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and any impairment losses. 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 tangible 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. Periodic maintenance costs are amortised over the period until the next periodic maintenance. The periodic maintenance occurs with intervals of either 30 months or 60 months dependant on survey and vessels condition. Day-to-day repairs and maintenance cost are charged to the income statement during the period incurred. The costs of major renovations and periodic maintenance are included in the asset's carrying amount when it is probable the Company will derive future economic benefits in excess of the originally assessed standard performance of the assets. At the time of investment in a new vessel, a portion of the purchase price is defined as periodic maintenance and depreciated as other periodic maintenance.

A vessel's useful life is reviewed annually and where new estimate vary from previous estimate depreciation is adjusted accordingly.

When vessels are sold or disposed of, any gain or loss from the disposal is reported in the income statement. Profit or loss equals the variance between sales price and book value less any sales expenses.

j. 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's one product carrier is categorised as one 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

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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.

k. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company's financial assets are: trade receivables and cash and cash equivalents. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus transaction costs.

The Company classifies its financial assets in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Equity instruments at fair value through other comprehensive income
- Derivatives at fair value through income statement

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to collect contractual cash flows and,
- The contractual terms of the financial asset give rise to cash flows as payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in income statement when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables and other current deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price, ref note 2 m.

Financial assets at fair value through other comprehensive income

The Company measures debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held with the objective of both collecting contractual cash flows and selling, and,
- The contractual terms of the financial asset give rise to cash flows as payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses/reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is reclassified to income statement.

The Company currently holds no investments in quoted instruments which would classify under this category.

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Equity instruments at fair value through other comprehensive income

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never reclassified to income statement. Dividends are recognised as other financial income in the income statement when the right to receive payment arise. Dividends representing a recovery of part of the cost of the financial asset are instead recorded as other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

The Company currently holds no non-listed equity investments which would classify under this category.

Derivatives at fair value through income statement

Derivatives are recognised in 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 derivative.

The Company currently holds no derivatives which would classify under this category.

Derecognition of financial assets

A financial asset or a part of a financial asset/group of similar financial assets is derecognised when:

- The right to receive cash flows from the asset have expired, or
- The Company has transferred its rights or has assumed an obligation to pay the received cash flows in full to a third party; and either
 - I. the Company has transferred substantially all the risks and rewards of the asset, or
 - II. the Company has transferred control of the asset

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables or as derivatives. Derivatives are recognised initially at fair value. Loans, borrowings and payables are recognised at fair value net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method if this is considered to be significant. Gains and losses are recognised in income statement when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included as finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

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Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL) for all instruments not held at fair value. If there is no substantial increase in credit risk since initial recognition, the ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures facing a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure. Credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. A provision for impairment of trade receivables is established when a loss is expected and indications that the Company will not be able to collect all amounts due in accordance with the original terms of the receivables are identified.

The Company considers a financial asset in default when contractual payments are considerably past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Measurement of fair value

Fair value of financial instruments actively traded are valued based on quoted prices for identical instruments. Fair value of financial instruments not actively traded are valued based on models or other valuations methodologies observable for similar instruments.

l. 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, in most cases, sold and settled with charterers at delivery of the vessels, and repurchased at redelivery.

m. 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 a loss is expected and indications that the Company will not be able to collect all amounts due in accordance with the original terms of the receivables are identified, ref note 2 k.

n. Cash and cash equivalents

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

o. Equity

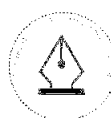
Ordinary shares are classified as equity. Transaction costs related to equity transactions, including any tax effect of the transaction costs, are charged directly to equity.

p. 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.

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

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

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. 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 has carried out 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. Transactions relating to management services:

KGJS provides the Company with commercial and administrative services and charges management fees. These costs amounted to USD 0.3 mill. in 2021 compared to 0.2 mill. in 2020, recorded in the income statement as general and administrative expenses.

b. Transactions relating to commercial services:

During part of 2021 the vessel was commercially operated by the related pool company SKS Pool AS (the Pool company). SKS Pool AS is fully owned by SKS Tankers Holding AS, a subsidiary of KGJS. The Pool company has entered into a Pool agreement with the Company. In accordance with the agreement, the members of the Pool 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 the vessel has been on-hire during the year. The Pool company is obliged, by the Pool agreement, to distribute all its surplus cash, after deducting ordinary working capital, to the members of the Pool 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 USD 2.6 mill. in 2021.

c. Transactions relating to financial items:

On 10 December, the Company sold the vessel purchased from SKS OBO & Tankers AS financed by a sellers credit agreement, ref note 8 and 16. The vessel was sold to the newly established joint venture company owned by a subsidiary of SKS Tankers Holding AS. The company paid USD 0.5

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mill. in interest expense in 2021, compared to 0,7 mill. in 2020. During 2021 the Company paid instalments of USD 17.9 mill. compared to USD 5.9 mill. in 2020.

d. Receivables/payables with related parties:

For the years ended 31 December (in US Dollar thousands)	2021	2020
Current loan to SKS Pool AS	117	0
Current loan to SKS Tankers Holding AS	7 418	0
Non-current loans from SKS OBO & Tankers AS	0	-20 460
Current loan from SKS Shipowning II AS	- 188	0
Current loan from SKS OBO & Tankers AS	-2 605	0
Current loan from Jebsen Group AS	-3 000	0
Total current related party payables	1 743	-20 460

Settlement of inter-company balances takes place regularly. Interest is charged based on Nibor/Libor interest rates plus a margin

4. Vessel operating income

For the years ended 31 December (in US Dollar thousands)	2021	2020
Voyage income and time charter hire	1 375	10 750
The Company's share of PNR	2 569	0
Total	3 944	10 750

A geographical split of operating income is not presented as the ships sail on a worldwide basis.

5. Vessel related expenses

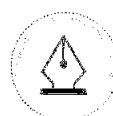
Vessel related expenses include both vessel voyage expenses and vessel operating expenses. Vessel voyage expenses include bunker consumption, port cost and other voyage related expenses. Vessel operating expenses include crewing cost, provisions, maintenance, insurance and management service cost.

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)	2021	2020
Administrative services	246	196
Statutory audit fees	4	4
Other audit services	3	0
Other expenses	1	2
Total	253	202

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7. Salaries, benefits and number of employees

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

8. Tangible assets

Book value of tangible assets recognised in the balance sheet:

For the year ended 31 December 2021	
(in US Dollar thousands)	Vessel
Acquisition cost 01.01.2021	33 720
Additions	- 2 063
Disposals	- 31 657
Acquisition cost 31.12.2021	0
Accumulated depreciation at 01.01.2021	- 4 893
Depreciation for the year	- 806
Depreciation disposals	5 699
Accumulated depreciation at 31.12.2021	0
Accumulated impairment losses at 01.01.2021	0
(Impairment losses)/ Reversal impairment losses for the year	- 1 351
Impairment losses disposals	1 351
Accumulated impairment losses at 31.12.2021	0
Net book value 31.12.2021	0

	Vessel
Useful life	25 years
Depreciation method	Straight line

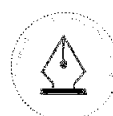
Periodic maintenance cost is included under vessels, depreciated straight line over a period varying from 30 to 60 months

In the sellers credit agreement related to the purchase of the vessel from SKS OBO & Tankers AS, the seller have the option to purchase the vessel from the Company if they are unable to secure continued employment of the vessel.

During 2021, the Company reviewed its cash-generating units for impairment, ref. note 2 j. 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 loss of USD 1.4 mill. in 2021.

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On 10 December, the Company sold the vessel, ref note 3 and 16.

9. Other financial items

For the years ended 31 December (in US Dollar thousands)	2021	2020
Currency gains	6	25
Total financial income	6	25
Currency losses	- 5	- 30
Total financial expenses	- 5	- 30
Net other financial items	1	- 4

10. Taxes

For the years ended 31 December (in US Dollar thousands)	2021	2020
Tax effect of group contribution	- 405	0
Changes in deferred tax	301	1 372
Adjustment to previous years	2	0
Deferred tax assets expensed	0	- 151
Total tax expense/(income)	- 101	1 221

Reconciliation of nominal and effective tax rate:

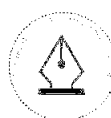
For the years ended 31 December (in US Dollar thousands)	2021	2020
Net income/(loss) before tax	- 3 189	5 275
Estimated tax expense (22%)	- 701	1 160
Difference between estimated and actual tax expense	600	60
Total tax expense/(income)	- 101	1 221

Specification of differences between estimated and actual tax expense:

For the years ended 31 December (in US Dollar thousands)	2021	2020
Deferred tax assets expensed	0	- 151
Currency transaction and other permanent differences	600	211
Total difference between estimated and actual tax expense	600	60

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.

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Summary of temporary differences:

For the years ended 31 December (in US Dollar thousands)	2021	2020
Profit & loss account	7 288	- 407
Non-current assets	0	7 335
Net temporary differences	7 288	6 928
Taxable deficit	- 361	- 1 380
Total basis for deferred tax(+)/tax assets(-)	6 927	5 548

For the years ended 31 December (in US Dollar thousands)	2021	2020
Deferred tax(+)/ tax assets (-)	1 524	1 221
Changes in deferred tax(+)/ tax assets (-)	301	1 372

Payable tax:

For the years ended 31 December (in US Dollar thousands)	2021	2020
Payable tax – ordinary taxation	0	0
Total	0	0

11. Inventories

Inventories comprise mainly of vessels' stock of bunkers and lubrication oils. See note 2 l.

12. Trade receivables

Trade receivable represents a wide range of customers within the various segments. Credits are granted to customers in the normal course of business. The Company regularly reviews its accounts receivable and makes allowances for un-collectable receivables, ref note 2 m. The allowances are based on the age of the unpaid balance, information about customers financial condition, any disputed items and other relevant information.

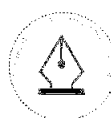
13. Other current assets

For the years ended 31 December (in US Dollar thousands)	2021	2020
Prepaid expenses	0	412
Other receivables	2 085	108
Total	2 085	520

14. Cash and cash equivalents

For the years ended 31 December (in US Dollar thousands)	2021	2020
Cash in bank	51	60
Total	51	60

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15. Share capital and shareholder information

At 31 December 2021 the share capital of the Company consists of one class of 1 000 ordinary shares at NOK 300 each.

Ownership structure	Number of shares	Share of ownership	Voting rights
SKS Tankers Holding AS	1 000	100.0%	100.0%

16. Non-current loans from group companies

For the years ended 31 December (in US Dollar thousands)	2021	2020
Loans from group companies - SKS OBO & Tankers AS	0	20 460
Total	0	20 460

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

On 10 December, the Company sold the vessel purchased from SKS OBO & Tankers AS financed by a sellers credit agreement, re note 3 and 8. During 2021 the Company paid instalments of USD 17.9 mill. compared to USD 3.7 mill. in 2020. Remaining balance is classified as current liability as settlement is expected to find place during 2022.

17. Other current liabilities

For the years ended 31 December (in US Dollar thousands)	2021	2020
Accrued interest expenses	0	43
Accrued vessels related expenses	- 1	407
Undiscounted lease liability, ref note 11	10	0
Other accruals	4	2
Total	12	453

18. Risk management and other hedging activities

Risk management

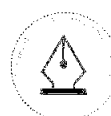
a. Credit risk

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's strategy is to have adequate liquid assets either in form of cash and/or available credit facilities at all times.

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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 operating expenses in Norwegian Kroner. At the reporting date the Company has no non-current monetary asset or liabilities in non-USD currencies.

f. Other risks

The Company is exposed to general freight and bunker price fluctuations for its vessel. To reduce such risks the Company may enter into bunker derivatives to hedge against fluctuations in the results for Contracts of Affreightments without World Scale compensation. The Company may also enter into forward freight agreements to mitigate the risks of the fluctuating freight market. Gains or losses associated with such instruments are currently recorded as operating income/(expenses).

Financial derivatives and hedging

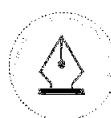
At 31 December, 2021 and 2020 the Company has neither financial derivatives nor hedging contracts.

19. Contingencies

The Company maintains insurance coverage for its activities consistent with industry practice. In the course of 2021 the Company has not been involved in any incidents which have resulted in material loss or liability to the Company.

20. Subsequent events

There has not been any events that would materially impact the financial statements for 2021 after 31 December 2021.



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