



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 991 959 610
Organisasjonsform: Kommandittselskap
Foretaksnavn: KNUTSEN SHUTTLE TANKERS XII KS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern: Nei

Regnskapsregler

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

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Karl Gerhard Bråstein Dahl
Dato for fastsettelse av årsregnskapet: 12.03.2020

Grunnlag for avgivelse

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

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 30.04.2021



Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3	197 415 314	189 028 908
Annen driftsinntekt	3	-5 345 792	-4 927 194
Sum inntekter		192 069 522	184 101 714
Kostnader			
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	54 154 428	54 154 428
Annen driftskostnad	9	1 950 230	2 011 589
Sum kostnader		56 104 658	56 166 017
Driftsresultat		135 964 864	127 935 696
Finansinntekter og finanskostnader			
Annen finansinntekt	5	1 859 112	8 180 969
Sum finansinntekter		1 859 112	8 180 969
Annen finanskostnad	5	42 947 934	44 074 335
Sum finanskostnader		42 947 934	44 074 335
Netto finans		-41 088 823	-35 893 365
Ordinært resultat før skattekostnad		94 876 042	92 042 331
Ordinært resultat etter skattekostnad		94 876 042	92 042 331
Årsresultat		94 876 042	92 042 331
Årsresultat etter minoritetsinteresser		94 876 042	92 042 331
Totalresultat		94 876 042	92 042 331



Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	4, 6, 3, 6, 12	889 070 961	943 225 389
Sum varige driftsmidler		889 070 961	943 225 389
Sum anleggsmidler		889 070 961	943 225 389
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		127 382	92 205
Konsernfordringer		11 781	282 758
Sum fordringer		139 163	374 963
Andre finansielle instrumenter	6		
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		32 775 476	25 542 026
Sum bankinnskudd, kontanter og lignende		32 775 476	25 542 026
Sum omløpsmidler		32 914 639	25 916 989
SUM EIENDELER		921 985 600	969 142 378
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		44 500 000	44 500 000
Sum innskutt egenkapital		44 500 000	44 500 000



Balanse

Beløp i: NOK	Note	2019	2018
Opptjent egenkapital			
Annen egenkapital		132 315 385	92 042 364
Sum opptjent egenkapital		132 315 385	92 042 364
Sum egenkapital	8, 10	176 815 385	136 542 364
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	6	724 963 098	786 080 359
Sum annen langsiktig gjeld		724 963 098	786 080 359
Sum langsiktig gjeld		724 963 098	786 080 359
Kortsiktig gjeld			
Leverandørgjeld	7	670 343	356 947
Kortsiktig konserngjeld		1 051 143	27 899 647
Annen kortsiktig gjeld	6	18 485 631	18 263 061
Sum kortsiktig gjeld		20 207 116	46 519 655
Sum gjeld		745 170 214	832 600 014
SUM EGENKAPITAL OG GJELD		921 985 600	969 142 378



Knutsen Shuttle Tankers XII KS Annual Report 2019



M/T “ Fortaleza Knutsen” M/T “ Recife Knutsen”

KNOT
Offshore Partners LP



KNUTSEN SHUTTLE TANKERS XII KS

REPORT OF THE BOARD OF DIRECTORS

2019

Knutsen Shuttle Tankers XII KS owns two afra-max shuttle tankers. The company has registered office address in Haugesund, Norway and is managed from that location.

There are no employees in the company, and the daily operations of the company are managed by KNOT Management AS in Haugesund in accordance with separate agreement.

The company's activity

The Company got delivery of two afra-max shuttle tankers from COSCO Nantong Shipyard in Shanghai, China in 2011. The vessels were chartered to Transpetro International Company B.V., a Transpetro group company for operation offshore Brazil on a 12-year bareboat charter party agreement from delivery at yard.

KNOT Management AS is operating the vessels on behalf of the charter.

Result for the year

The company got a net income of NOK 192 069 522 in 2019 (NOK 184 101 714 in 2018). The operating result for the year 2019 was NOK 135 964 864 compared to NOK 127 935 696 in 2018. The financial result was minus NOK 41 088 823 in 2019, compared to minus NOK 35 893 365 in 2018. The result for the year was NOK 94 876 042 compared to NOK 92 042 331 in 2018. The result will be transferred to other equity.

Total cash flow from operating activities in the company was positive with NOK 141 023 918, compared to NOK 191 086 023 in 2018. The Partnership have used NOK 133 790 468 of the operational cash flow to pay the ordinary installments on the mortgage debt and pay extraordinary dividend and NOK 7 233 448 is added to the cash balance during the year. The liquidity balance was NOK 32 775 476 as at 31.12.2019 (NOK 25 542 026 as of 31.12.2018).

The financial accounts are settled on the assumption of a going concern. The board confirms the assumption of a going concern.

The environment safety and quality control

The requirements for a safety and an operation of ships are increasing, and the company, the group and the manager KNOT Management AS are concerned with an operational excellence. Company's fleet consists of modern ships which are designed and engineered for safe, environmentally sound and efficient operations. The ships are maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources to the quality assurance and there are strict requirements for safety systems and an operation of the ships.

The company is not aware of any matters that indicate the pollution the environment significantly.



Working environment

There are no employees in the company and thus no working environment. The Board of Directors consist of three men elected by the owners of the company.

Future prospects

The Company have long term financing of the vessels on charter contracts and the future earnings and cashflow from the company are expected to be steady for the company. The Board expects that 2018 will be a satisfactory year for the company and the Board expect to continue with quarterly dividend payments during 2020.

Haugesund, March 10, 2020



Trygve Sæglen
Chairman of the Board/CEO



Karl Gerhard Bråstein Dahl
Board member



Takashi Domyo
Board member



Knutsen Shuttle Tankers XII KS

Profit & Loss Account

	Note	2019	2018
<u>Operating Income</u>			
Freight income	3	197 415 314	189 028 908
Commissions		-5 345 792	-4 927 194
<i>Total Operating Income</i>		<u>192 069 522</u>	<u>184 101 714</u>
<u>Operating Expenses</u>			
Administration expenses	9	1 950 230	2 011 589
<i>Total Operating Expenses</i>		<u>1 950 230</u>	<u>2 011 589</u>
<i>Operating result before depreciation</i>		<u>190 119 292</u>	<u>182 090 124</u>
Ordinary depreciation	4	54 154 428	54 154 428
<i>Total depreciation</i>		<u>54 154 428</u>	<u>54 154 428</u>
<i>Operating Result</i>		<u>135 964 864</u>	<u>127 935 696</u>
<u>Financial Income and Expenses</u>			
Financial income	5	483 221	4 686 234
Foreign exchange profit/loss		1 375 891	3 494 735
Financial expenses	5	-42 947 934	-44 074 335
<i>Net Financial Items</i>		<u>-41 088 823</u>	<u>-35 893 365</u>
<i>Result for the year</i>		<u>94 876 042</u>	<u>92 042 331</u>



Knutsen Shuttle Tankers XII KS

Balance Sheet as of 31. December

<u>ASSETS</u>	Note	2019	2018
<u>Fixed Assets</u>			
Vessel	4, 6	889 070 961	943 225 389
<i>Total Fixed Assets</i>		<u>889 070 961</u>	<u>943 225 389</u>
<u>Current Assets</u>			
Other short-term receivables		127 382	92 205
Current receivables group		11 781	282 758
Bank deposits		32 775 476	25 542 026
<i>Total Current Assets</i>		<u>32 914 639</u>	<u>25 916 989</u>
<i>ASSETS</i>		<u>921 985 600</u>	<u>969 142 378</u>




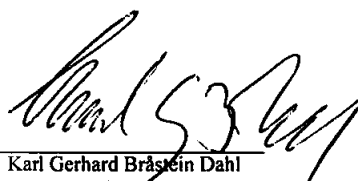
Knutsen Shuttle Tankers XII KS

Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	Note	2019	2018
<u>Equity</u>			
Company capital		44 500 000	44 500 000
<i>Total paid in capital</i>		<u>44 500 000</u>	<u>44 500 000</u>
Other equity		132 315 385	92 042 364
<i>Total Equity</i>	8, 10	<u>176 815 385</u>	<u>136 542 364</u>
<u>Other long-term liabilities</u>			
Mortgage debt	6	724 963 098	786 080 359
<i>Total Long Term Debt</i>		<u>724 963 098</u>	<u>786 080 359</u>
<u>Current Liabilities</u>			
Accounts payable	7	670 343	356 947
Accrued interest		292 582	178 816
Current liabilities group		1 051 143	27 899 647
Other current liabilities		18 193 049	18 084 244
<i>Total Current Liabilities</i>		<u>20 207 116</u>	<u>46 519 655</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>921 985 600</u>	<u>969 142 378</u>

Haugesund, March 10, 2020


Trygve Seglem
chairman of the board


Karl Gerhard Bråstein Dahl
member of the board


Takashi Domyo
member of the board



Knutsen Shuttle Tankers XII KS

CASHFLOW STATEMENT

	2019	2018
Total generated from operations 1)	167 100 657	158 688 560
Change in working capital	<u>-26 076 739</u>	<u>32 397 463</u>
Net cashflow from operations	<u>141 023 918</u>	<u>191 086 023</u>
Invested in vessel	<u>0</u>	<u>0</u>
Net cashflow from investments	<u>0</u>	<u>0</u>
Net paid-out dividend/capital decrease	-54 603 020	-207 755 212
Net change mortgage debt	<u>-79 187 448</u>	<u>16 408 445</u>
Net cashflow from financing	<u>-133 790 468</u>	<u>-191 346 767</u>
Net cashflow for the year	7 233 448	-260 746
+ Cash balance per 1.1	<u>25 542 026</u>	<u>25 802 770</u>
= Cash Balance per 31.12.	<u>32 775 476</u>	<u>25 542 026</u>

1) Generated from operations:

Result for the year	94 876 042	92 042 331
+ Ordinary depreciation	54 154 428	54 154 428
+ Amortization deferred debt issuance cost	2 668 325	4 148 466
+ Realized currency gain mortgage debt	15 401 862	8 343 336
= Total generated from operations	<u>167 100 657</u>	<u>158 688 560</u>



Knutsen Shuttle Tankers XII KS

Notes to Financial Statements 31.12.2019

1 Accounting Principles

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

Current Assets/Current Liabilities

Short-term assets/liabilities are due within one year or tied to the operation of the vessel. Other posts are classified as long-term liabilities. Current assets are valued at the lower of cost and fair value. Short-term liabilities are recorded at nominal value at the time of the entering.

Fixed assets are valued at cost, but written down to fair value unless an impairment is expected to be temporary. Long-term liabilities are stated at nominal value at the time of entering.

Income

The income from the bareboat is in USD, and is recorded in profit and loss on a straight line basis over the lease term, net of hedging impact.

Fixed Assets and Dry-Docking

The total cost of the vessel is capitalised at delivery and depreciated linearly over the expected life time. Dry-docking is carried out every 5th year for vessels less than 15 years, and every 2.5 year for vessels more than 15 years. Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed. Dry-docking is covered by the charterer in accordance with the bareboat charterparties.

The fixed assets are valued according to the lowest of the depreciated value and the market value unless the fall in value is assumed to be temporary.

Receivables

Trade and other receivables are recorded at face value less provision for doubtful debts. The provision is made on the basis of an individual assessment of the receivables.

Transactions in Foreign Currency

Income and expenditure in foreign currency are converted with the exchange rate at the time of the transaction. All current assets and current liabilities in foreign currency are registered at the rate of exchange as per 31.12. Realised foreign exchange gain and loss are registered as financial items.

The debt is valued at the historical rate, to the extent that the future net nominal income flow exceed the borrowed amount. To the extent that long-term debt exceeds the net nominal income flow, the unrealised foreign exchange gain/ loss on the exceeding amount is recorded. Realized and unrealized profit and loss on foreign exchange are recorded as financial income / expenses.

Financial Instruments

The treatment of foreign exchange- and interest rate instruments depends on the intention behind the agreement. If the intention of the contracts is to hedge the company's exposure against fluctuations in interest rates and foreign exchange rates, then the income and expenses related to the hedging and the corresponding items in the balance sheet are classified in the same manner.



Interest-bearing loan and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recorded in the profit and loss over the period of the interest-bearing liabilities. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the net profit and loss statement when the liabilities are devalued or depreciated, as well as through the amortization process.

Tax

The Company is not tax liable as each partner is taxed directly on its share of the partnership. Consequently the company does not calculate and record deferred tax in the Profit and Loss account.

Tax income for distribution among the participants is calculated based on that all partners are tonnage taxed. Tax income is calculated based on accounting earnings and the permanent and temporary differences between accounting and tax values at the end of the financial year.

Cash flow statement

The cash flow statement is presented using the indirect method of NRS. The liquidity balance is defined as the sum of cash, bank deposits and other short term liquid deposits.

2 Related party transactions

The Company has undertaken several agreements and transactions with related parties in the KNOT Group and KNOP group. The level of fees are based on market terms and are in accordance with the arm's length principle. KNOT Management AS delivers services to the Company performed by corporate functions like management, legal, accounting and controlling, risk management and commercial management.

3 Contracts

The company has agreed 12-year bareboat charterparties with Transpetro International Company B.V., a Transpetro group company, for M/T Fortaleza Knutsen and M/T Recife Knutsen from the delivery in 2011.

KNOT Management AS has been appointed by the charterer as ship manager for the vessels and manager for the company.

4 Fixed Assets and Dry-Docking

Vessels	2019	2018
Historical value 1.1.	1 353 842 328	1 353 842 328
Acc. Depreciation 1.1	410 616 939	356 462 511
Book Value 1.1	943 225 389	997 379 817
Ordinary annual depreciation	54 154 428	54 154 428
Book value 31.12.	889 070 961	943 225 389

The economic life of the vessels is estimated to 25 years, and the vessels is depreciated accordingly.



5 Financial Income and -Expenses

	<u>2019</u>	<u>2018</u>
Financial Income:		
Realized gain FX derivatives	0	4 160 238
Interest income	483 221	525 996
Total financial income	<u>483 221</u>	<u>4 686 234</u>
Financial expenses:		
Interest expenses	37 944 903	37 108 179
Realized loss FX derivatives	0	277 119
Unrealized loss FX derivatives	0	1 686 773
Other financial expenses related parties	0	220 502
Guarantee expenses group	4 613 580	4 335 357
Other financial expenses	389 451	446 404
Total financial expenses	<u>42 947 934</u>	<u>44 074 335</u>

6 Mortgage Debt and Financial Instruments

Figures as per 31.12.2019

	<u>USD</u>	<u>Historical rate</u>	<u>Rate as at 31.12</u>	<u>NOK</u>
USD-loan	103 726 000	8,1556	7,0722	733 571 017
Deferred debt issuance cost				<u>-8 607 920</u>
				<u>724 963 098</u>
Current portion:				
USD-loan	9 019 200			63 785 586
Deferred debt issuance cost				<u>-2 540 366</u>
				<u>61 245 220</u>

Figures as per 31.12.2018

	<u>USD</u>	<u>Historical rate</u>	<u>Rate as at 31.12</u>	<u>NOK</u>
USD-loan	112 745 200	8,1556	7,0722	797 356 603
Deferred debt issuance cost				<u>-11 276 245</u>
				<u>786 080 359</u>
Current portion:				
USD-loan	9 019 200			63 785 586
Deferred debt issuance cost				<u>-2 668 335</u>
				<u>61 117 251</u>

The NOK/USD exchange rate at the year-end was 8,8176 (8,6911 per 31.12.18).

Estimated outstanding debt per year end 2024 is USD 68.6 million.



The company has aimed to reduce the market risk by entering financial contracts. Hedge accounting has been applied for revenue in USD (cash flow hedge). Loans in USD are used as hedging instrument. The profit and loss impact of the hedging instrument (loan in USD) is presented together with the hedged risk. This implies that realized currency gain/losses on the loans are presented as an increase/reduction of operating income.

Future income flows from anticipated fixed contracts in USD exceed debt in USD. Therefore it is not recognized foreign exchange gains/losses on USD debt on the basis of the year-end exchange rate. Per 31.12.2019 the not recorded foreign exchange loss (i.e. off-balance) is NOK 181 million compared to a loss of NOK 183 million as per 31.12.2018.

Security for the loans is made through first priority mortgage over each vessel, first priority in assignment of earnings, insurance and requisition compensation in respect of each vessel, first priority assignment of charterparty in respect of each vessel, first priority earnings account pledge and pledged security in the USD bank account.

Book value of mortgaged assets is NOK 922 million per 31.12.2019 (NOK 969 million at 31.12.18).

The company has aimed to reduce the market risk by entering financial contracts. The company has entered long term freight contracts in USD, with the intention of having income, vessel investment and loans in the same currency in order to minimize the effects of exchange rate fluctuations. The company has also entered into interest rate swap contracts to reduce the effects of fluctuations in the interest rate. The Company has entered agreements on fixed interest rates on USD 125 million. Mark to market loss on the interest rate swaps have not been taken into account with USD 1.2 million per 31.12.2019 (gain of USD 1.7 million pr 31.12.2018).

7 Balances with related parties

	2019	2018
<u>Accounts payable related parties</u>		
TS Shipping Invest AS	0	282
KNOT Management AS	215 223	271 102
	<u>215 223</u>	<u>271 384</u>

8 Equity

Specification of the partnership capital per 31.12

Description	Capital 31.12	Uncalled capital	Called and paid in
General partner's capital	4 450 000	0	4 450 000
Limited partnership capital	40 050 000	0	40 050 000
Total capital	<u>44 500 000</u>	<u>0</u>	<u>44 500 000</u>
Other equity 1.1			92 042 364
Dividends			-54 603 020
Result for the year			<u>94 876 042</u>
Total equity 31.12			<u>176 815 385</u>

Knutsen Shuttle Tankers XII KS is controlled 100% by KNOT Offshore Partners LP. Accounting for the Group can be obtained from the website, <http://knotoffshorepartners.com/>.

The owners of the company are Knutsen Shuttle Tankers XII AS (10%) and KNOT Shuttle Tankers 12 AS (90%).



9 Remuneration

It is not paid wages or other remuneration, provided loans or pledged security to the Board or Managing Director during the year.

Auditors remuneration (not including VAT):	2019	2018
Audit	36 033	35 050
Tax advice	0	0
Other services besides audit	0	7 000
	<u>36 033</u>	<u>42 050</u>

10 Shares Owned by Board Members and Affiliates

Trygve Seglem controls TS Shipping Invest AS, which owns 50 % of the company Knutsen NYK Offshore Tankers AS, which controls 27,84 % of KNOT Offshore Partners LP.

11 Employees

The company has no employees and thereby no pension liabilities (under the new OTP regulation).

KNOT Management AS is responsible for the company in accordance to management agreement.

12 Tax

Knutsen Shuttle Tankers XII KS is not tax liable as each partner is taxed directly on its share of the partnership. Consequently the company does not calculate and record deferred tax in the profit and loss account.

Tax based profit/loss for allocation to partners of tonnage tax:

A specification of the difference between the accounting financial result and this year tax base for the distribution between participants is given below:

	2019	2018
Net financial result	-41 088 823	-35 893 365
Non-deductible interest / taxable interest	46 221 702	42 677 116
Foreign exchange gain/loss, not taxable	-1 508 248	-7 282 031
Interest swaps/foreign exchange rate contracts	0	-2 118 683
Tax base for the year for allocation to partners	<u>3 624 630</u>	<u>-2 616 963</u>



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Partnership Meeting of Knutsen Shuttle Tankers XII KS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Knutsen Shuttle Tankers XII KS, which comprise the balance sheet as at 31 December 2019, the income statement 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) is responsible for the other information. Our opinion on the audit of 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 on the other information obtained prior to the date of the auditor's report, 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.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern 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 International Standards on Auditing (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 and the going concern assumption 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 10 March 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Nordby
State Authorised Public Accountant (Norway)

Independent auditor's report - Knutsen Shuttle Tankers XII KS

A member firm of Ernst & Young Global Limited

Pennco Dokumentnøkkel: MOJUB-UALXP-7T4ED-OTSFF-PD422-2P1B1



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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Johan Nordby

Statsautorisert revisor

På vegne av: Ernst & Young AS

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Skattedirektoratet

Saksbehandler
Jan Hoelstad

Deres dato
11.03.2011

Vår dato
30.03.2011

Telefon
22077325

Deres referanse
Jørn Knutsen

Vår referanse
2011/327976

Ernst & Young AS
Postboks 6163, Postterminalen
5892 Bergen

Dispensasjon fra kravet om utarbeidelse av årsregnskap og -beretning på norsk språk

Det vises til deres brev av 11. mars 2011 samt e-post av 30. mars 2011 med supplerende opplysninger i sakens anledning. Skattedirektoratet innvilget i vedtak 09/867030 av 2. juni 2010 TS Shipping Invest AS samt en rekke navngitte datterselskap, dispensasjon fra kravet om å utarbeide årsregnskap og – beretning på norsk språk. Da det er etablerte enkelte nye selskap i konsernet samt at er gjort endringer i konsernstruktur og eierskap for enkelte av de tidligere selskapene søkes det på nytt om dispensasjon for følgende selskap:

- Knutsen NYK Offshore Tankers AS org. nr: 995 221 713
- samt følgende datterselskap:
 - Knutsen Bøyelaster XI KS org. nr: 986 224 610
 - Knutsen Bøyelaster XI AS org. nr: 986 224 602
 - Knutsen Bøyelaster II KS * org. nr: 959 321 752
 - Knutsen Bøyelaster II AS org. nr: 959 321 663
 - Knutsen Bøyelaster III KS * org. nr: 959 505 349
 - Knutsen Bøyelaster III AS org. nr: 959 504 822
 - Knutsen Shuttle Tankers XII KS org. nr: 991 959 610
 - Knutsen Shuttle Tankers XII AS org. nr: 991 959 556
 - Knutsen Produkt Tanker IV KS * org. nr: 961 068 355
 - Knutsen Produkt Tanker IV AS org. nr: 961 068 177
 - Knutsen Bøyelaster VI KS org. nr: 971 585 579
 - Knutsen Bøyelaster VI AS org. nr: 993 011 681
 - Knutsen Bøyelaster VIII KS org. nr: 979 539 649
 - Knutsen Bøyelaster VIII AS org. nr: 993 010 596
 - Knutsen Bøyelaster IX KS org. nr: 979 685 521
 - Knutsen Bøyelaster IX AS org. nr: 879 685 362
 - Knutsen Terminal Tanker AS org. nr: 945 404 191
 - Knutsen Newfoundland Chartering AS org. nr: 990 356 963
 - Knutsen Shuttle Tankers 2 AS org. nr: 992 593 903
 - Knutsen Offshore KS org. nr: 893 435 832
 - Knutsen Offshore AS org. nr: 992 593 881

Postadresse

Postboks 9200 Grønland
0134 Oslo

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Besøksadresse

Se www.skatteetaten.no
Org. nr: 996250318

Sentralbord

800 80 000
Telefaks

22 17 08 60



- Knutsen Produkt Tanker V AS org. nr: 979 976 445
- Knutsen Shuttle Tankers Pool AS org. nr: 982 302 536
- Knutsen Atlantic Chartering AS org. nr: 984 963 262
- Knutsen Canadian Chartering AS org. nr: 984 963 270
- Knutsen Offshore Tankers AS org. nr: 995 206 870
- Knutsen Offshore Tankers 2 AS org. nr: 995 206 862
- Knutsen Shuttle Tankers 3 AS org. nr: 995 146 584
- Knutsen NYK Management AS org. nr: 996 124 916
- Knutsen Shuttle Tanker 13 AS org. nr: 996 661 016
- Knutsen Tankers 2 AS org. nr: 992 593 792
- Knutsen Tankers 3 AS org. nr: 992 593 814

Alle datterselskapene er eid 100 % med unntak av selskapene merket med *. I de tre selskapene som også har andre eiere, utgjør disse andre eierne et lite antall og kan anses som etablerte investorer.

Søknad:

Fra deres brev gjengis:

"TS Shipping Invest AS etablerte det 100 % eide datterselskapet Knutsen Offshore Tankers ASA (KOT) i februar 2010. I april 2010 ble hele bøyelastervirksomheten i konsernet flyttet inn under KOT, hvor en rekke av de selskapene som var søkt avleggelse av regnskaper på engelsk fulgte med.

I desember 2010 solgte TS Shipping Invest AS seg ned til 50 % i KOT ved at det japanske rederiet NYK Line gikk inn på eiersiden og overtok 50 % av aksjene. Selskapet skiftet navn til Knutsen NYK Offshore Tankers AS (KNOT).

Alle selskapene i KNOT konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper. Som tidligere beskrevet er brukerne av regnskapene hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften (ansatte, kunder, leverandører etc.). Nytt fra tidligere er at den andre eieren NYK Line er engelskspråklig. Aksjonærstrukturen er begrenset til 2 hovedeiere.

Selskapets virksomhet er finansiert av en rekke norske og internasjonale banker. Ettersom finansieringen i all hovedsak gjøres via syndikerte banklån er det et krav fra bankene at regnskapene oversettes til i engelsk språkdrakt.

Også de aller fleste av selskapenes kunder og leverandører og andre brukerne har engelsk som sitt naturlige språk/forretningspråk..."

Skattedirektoratets vurdering og konklusjon

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 negativt berørt ved en eventuell dispensasjon.

I forhold til tidligere gitte dispensasjon, har det kommet inn japanske interessenter i tillegg på eiersiden. For øvrig anses øvrige sentrale faktorer som fortsatt til stede. Dette gjelder også de nyetablerte selskapene.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de ovenfor nevnte selskapene 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.

Med hilsen


Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet


Jan Høelstad