



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 971 585 579  
Organisasjonsform: Kommandittselskap  
Foretaksnavn: KNUTSEN BØYELASTER VI KS  
Forretningsadresse: Smedasundet 40  
5529 HAUGESUND

### Regnskapsår

Årsregnskapets periode: 01.01.2016 - 31.12.2016

### 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: 31.03.2017

### Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert  
År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

*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, 01.05.2021



## Resultatregnskap

Beløp i: NOK	Note	2016	2015
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Freight income	2	268 864 981	291 278 337
Voyage related cost			-1 925 545
Commissions			-1 084 101
Other income			26 739 263
<b>Sum inntekter</b>		<b>268 864 981</b>	<b>315 007 953</b>
<b>Kostnader</b>			
Crew-hire	10	44 067 781	61 477 124
Ordinary depreciation	5	53 230 062	51 102 000
Other operating expenses		24 559 085	37 947 625
Administration	9	9 857 676	11 285 430
Vessel rent		61 839 490	93 794 708
Provisions rented vessels		17 947 663	7 006 317
<b>Sum kostnader</b>		<b>211 501 756</b>	<b>262 613 204</b>
<b>Driftsresultat</b>		<b>57 363 225</b>	<b>52 394 749</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	7	6 288 742	24 773 243
Foreign exchange gain/ loss		-16 548 411	48 091 347
<b>Sum finansinntekter</b>		<b>-10 259 669</b>	<b>72 864 590</b>
Financial expenses	7	24 080 545	27 985 724
<b>Sum finanskostnader</b>		<b>24 080 545</b>	<b>27 985 724</b>
<b>Netto finans</b>		<b>-34 340 214</b>	<b>44 878 866</b>
<b>Ordinært resultat før skattekostnad</b>		<b>23 023 010</b>	<b>97 273 615</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>23 023 010</b>	<b>97 273 615</b>
<b>Årsresultat</b>		<b>23 023 010</b>	<b>97 273 615</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>23 023 010</b>	<b>97 273 615</b>



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
Totalresultat		23 023 010	97 273 615



## Balanse

Beløp i: NOK	Note	2016	2015
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Vessels	5, 6	418 177 354	471 274 345
<b>Sum varige driftsmidler</b>		<b>418 177 354</b>	<b>471 274 345</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	4, 11		
Lån til foretak i samme konsern	4		310 638 365
<b>Sum finansielle anleggsmidler</b>			<b>310 638 365</b>
<b>Sum anleggsmidler</b>		<b>418 177 354</b>	<b>781 912 710</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Inventories	3	1 526 898	1 930 712
<b>Sum varer</b>		<b>1 526 898</b>	<b>1 930 712</b>
<b>Fordringer</b>			
Receivables	4	2 720 378	3 206 963
Konsernfordringer	4	21 909 384	70 866 395
<b>Sum fordringer</b>		<b>24 629 762</b>	<b>74 073 358</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and bank deposits		113 186 702	59 813 814
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>113 186 702</b>	<b>59 813 814</b>
<b>Sum omløpsmidler</b>		<b>139 343 362</b>	<b>135 817 885</b>
<b>SUM EIENDELER</b>		<b>557 520 716</b>	<b>917 730 595</b>

## BALANSE - EGENKAPITAL OG GJELD



## Balanse

Beløp i: NOK	Note	2016	2015
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Limited partnership capital	8	65 572 500	65 572 500
<b>Sum innskutt egenkapital</b>		<b>65 572 500</b>	<b>65 572 500</b>
<b>Opptjent egenkapital</b>			
Other equity		65 352 567	368 465 102
<b>Sum opptjent egenkapital</b>		<b>65 352 567</b>	<b>368 465 102</b>
<b>Sum egenkapital</b>	8	<b>130 925 067</b>	<b>434 037 602</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Provisions rented vessels		7 776 252	13 197 900
<b>Sum avsetninger for forpliktelser</b>		<b>7 776 252</b>	<b>13 197 900</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	6	406 142 252	460 914 626
Langsiktig konserngjeld	4	5 683 345	
<b>Sum annen langsiktig gjeld</b>		<b>411 825 597</b>	<b>460 914 626</b>
<b>Sum langsiktig gjeld</b>		<b>419 601 849</b>	<b>474 112 526</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	4	2 515 997	3 871 930
Kortsiktig konserngjeld	4	17 674	
Accrued interest		3 519 208	3 329 182
Other current liabilities		940 922	2 379 355
<b>Sum kortsiktig gjeld</b>		<b>6 993 801</b>	<b>9 580 466</b>
<b>Sum gjeld</b>		<b>426 595 649</b>	<b>483 692 993</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>557 520 716</b>	<b>917 730 595</b>



## 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	Besøksadresse	Sentralbord
Postboks 9200 Grønland 0134 Oslo	Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org. nr: 996250318	800 80 000 Telefaks
For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>		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

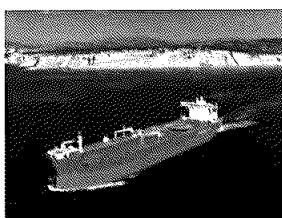
  
Jan Høelstad



**KNOT** Knutsen  
NYK Offshore  
Tankers

## Knutsen Bøyelaster VI KS

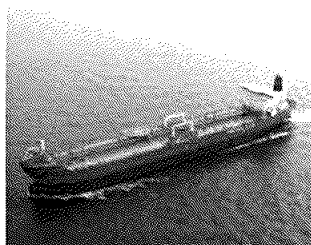
### Annual Report 2016



M/T “ Elisabeth Knutsen ”



M/T “ Loch Rannoch ”



M/T “ Heather Knutsen ”



Knutsen  
Group





## **KNUTSEN BØYELASTER VI KS**

### **REPORT OF THE BOARD OF DIRECTORS 2016**

By year-end, the company owns two shuttle tankers in addition to one shuttle tanker on bareboat contract. The company has a total limited partnership capital of NOK 66 million, of which NOK 26 million is the restricted capital. The General Partner participates with a General Partner's capital of NOK 6.6 million, equivalent to 10% of the committed capital.

Knutsen Bøyelaster VI KS operates out of Haugesund, Norway and has no employees and working environment. KNOT Management AS, in Haugesund, are the manager for the company and operates the two vessels the company is responsible for the operation according to separate management agreements. Canship Ugland Ltd. operates the last vessel that are chartered out on bare-boat charterparty on the accounts of the charterers. Knutsen Bøyelaster VI KS is hiring crew from the managers and related crewing companies.

#### **The company's activities**

MT Heather Knutsen is bare-boat chartered out to the group company Knutsen Canadian Chartering AS. The charterers are responsible for the operation of the vessel, and have subcontracted the ship management to Canship Ugland Ltd. The vessel is chartered further on time-charter contracts to a company in the Teekay Offshore Partners group for CoA operation offshore Canada. The contract have fixed period until April 2018 as the three first of in total five one year options have been declared.

MT Elisabeth Knutsen and MT Loch Rannoch have been operated in Knutsen Shuttle Tankers Pool AS.

#### **Environment, safety and quality control**

Shipping is being subjected to ever-stricter environment and safety requirements, and the company, the Knutsen NYK Offshore Tankers Group and KNOT Management AS, as manager, have joint objectives concerning high quality of the operation of the vessels.

All vessels are advanced vessels with a very high technical standard. The company and the manager place considerable emphasis on safety and quality control regarding operation of the vessels.

The company is not aware of any significant pollution to the external environment, and the Board of Directors considers the working conditions onboard the ships as satisfactory. All the vessels are certified in accordance with both ISM code and the ISPS code.

The company have no employees and thus no working environment. The company aims to be workplace where there is no discrimination related to gender, ethnicity, religion or disability.



The company aims to avoid gender discrimination regarding salary, promotion and recruiting. The members of the Board of Directors are all men.

### Profit for the year

The operating result for the company was NOK 57 363 225 in 2016, compared to NOK 52 394 749 in 2015. After a net financial loss of NOK 34 340 214 against net financial result of NOK 44 878 866 the previous year, the result for the year was NOK 23 023 010, compared to NOK 97 273 615 in 2015.

Total cash flow from operating activities in the company was NOK 135 632 446 compared to NOK 112 350 011 in 2015.

The company's liquidity position was NOK 113 186 702 as of 31.12.16 compared to NOK 59 813 814 per 31.12.15. The company's position of being self financing is good.

The company's short term debts per 31.12.16 were 1,6 % of total debt, compared to 2.0% as of 31.12.15. The financial position is satisfactory, and the company can as of 31.12.2016 pay short term debt by using its most liquid assets (current assets-inventories).


The total capital was by the end of the year NOK 558 million, compared to NOK 918 million the year before. The equity share as of 31.12.16 was 23%, compared to 47% per. 31.12.2015.

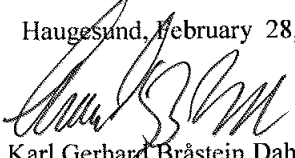
The Board of Directors proposes that the profit for the year is transferred to other equity.


The financial accounts are made on a going concern basis. The Board of Directors confirms the conditions for continued operation. The Board of Directors is of the opinion that the financial statements give a true and fair reflection of the company's assets and liabilities as well as financial strength and profitability.

### Future prospects

The Board of Directors has every reason to believe that 2017 will be a positive year for the company. The Board of Directors expect the shuttle tanker demand in Northern Europe to improve resulting in increased earnings and distribution from the current fleet in Knutsen Shuttle Tankers Pool AS during 2017.

  
Trygve Sjøliem  
Chairman of the Board

Haugesund, February 28, 2017  
  
Karl Gerhard Bråstein Dahl  
Member of the Board

  
Fumitake Shishido  
Member of the Board



## Knutsen Bøyelaster VI KS

### Profit & Loss Account

	Note	2016	2015
<b><u>Net operating income</u></b>			
Freight income	2	268 864 981	291 278 337
Commissions		0	-1 084 101
Voyage related cost		0	-1 925 545
Other income		0	26 739 263
<i>Net Operating income</i>		<u>268 864 981</u>	<u>315 007 953</u>
<b><u>Operating Expenses</u></b>			
Crew-hire	10	44 067 781	61 477 124
Other operating expenses		24 559 085	37 947 625
Administration	9	9 857 676	11 285 430
<i>Total operating expenses</i>		<u>78 484 541</u>	<u>110 710 179</u>
<i>Operating result before depreciation</i>		<u>190 380 440</u>	<u>204 297 774</u>
Vessel rent		61 839 490	93 794 708
Provisions rented vessels		17 947 663	7 006 317
Ordinary depreciation	5	53 230 062	51 102 000
<i>Total rent, depreciations and impairment</i>		<u>133 017 215</u>	<u>151 903 025</u>
<i>Operating result</i>		<u>57 363 225</u>	<u>52 394 749</u>
<b><u>Financial Income and Expenses</u></b>			
Financial income	7	6 288 742	24 773 243
Foreign exchange gain/ loss		-16 548 411	48 091 347
Financial expenses	7	-24 080 545	-27 985 724
<i>Net Financial Items</i>		<u>-34 340 214</u>	<u>44 878 866</u>
<i>Result for the year</i>		<u>23 023 010</u>	<u>97 273 615</u>



**Knutsen Bøyelaster VI KS**  
**Balance Sheet as of 31. December**

<u>ASSETS</u>	Note	2016	2015
<b><u>Fixed Assets</u></b>			
Vessels	5, 6	418 177 354	471 274 345
Sellers credit to related parties	4	0	310 638 365
<i>Total Fixed Assets</i>		<u>418 177 354</u>	<u>781 912 710</u>
<b><u>Current Assets</u></b>			
Inventories	3	1 526 898	1 930 712
Receivables	4	2 720 378	3 206 963
Current receivables group	4	21 909 384	70 866 395
Cash and bank deposits		113 186 702	59 813 814
<i>Total Current Assets</i>		<u>139 343 362</u>	<u>135 817 885</u>
<i>TOTAL ASSETS</i>		<u>557 520 716</u>	<u>917 730 595</u>



**Knutsen Bøyelaster VI KS**  
**Balance Sheet as of 31. December**

<u>Shareholders' Equity and Liabilities</u>	Note	2016	2015
<b><u>Equity</u></b>			
Limited partnership capital	8	65 572 500	65 572 500
<i>Total capital paid-in</i>		<u>65 572 500</u>	<u>65 572 500</u>
Other equity		65 352 567	368 465 102
<i>Total Shareholders' Equity</i>	8	<u>130 925 067</u>	<u>434 037 602</u>
<b><u>Long Term Debt</u></b>			
Provisions rented vessels		7 776 252	13 197 900
Mortgage debt	6	406 142 252	460 914 626
Long-term debt group	4	5 683 345	0
<i>Total Long Term Debt</i>		<u>419 601 849</u>	<u>474 112 526</u>
<b><u>Short Term Debt</u></b>			
Accounts payable	4	2 515 997	3 871 930
Accrued interest		3 519 208	3 329 182
Current liabilities group	4	17 674	0
Other current liabilities		940 922	2 379 355
<i>Total Current Liabilities</i>		<u>6 993 801</u>	<u>9 580 466</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<u>557 520 716</u>	<u>917 730 595</u>

Trygve Seglem  
Chairman of the Board

Haugesund, February 28, 2017

Karl Gerhard Bråstein Dahl  
Member of the Board

Fumitake Shishido  
Member of the Board



KNUTSEN BØYELASTER VI KS

CASH FLOW STATEMENT

	2016	2015
Total generated from operations 1)	88 371 700	122 973 800
Change in working capital	<u>47 260 746</u>	<u>-10 623 789</u>
Net cashflow from operations	<u>135 632 446</u>	<u>112 350 011</u>
Investments in vessels and newbuildings	-133 071	-17 647 501
Net change sellercredit to group	<u>310 638 365</u>	<u>103 065 814</u>
Net cashflow from investments	<u>310 505 294</u>	<u>85 418 313</u>
Paid-out to partners	-326 135 546	0
Net change in Group loans	5 683 345	-113 927 595
Net change in mortgage debt	<u>-72 312 650</u>	<u>-68 759 680</u>
Net cashflow from financing	<u>-392 764 851</u>	<u>-182 687 275</u>
Net cashflow for the year	53 372 889	15 081 049
+ Cash balance per 1.1	<u>59 813 814</u>	<u>44 732 765</u>
= Cash Balance per 31.12.	<u>113 186 702</u>	<u>59 813 814</u>
1) Generated from operations:		
Profit for the year	23 023 010	97 273 615
Ordinary depreciation	53 230 062	51 102 000
Amortized expenses debt issuance cost	1 273 166	1 270 334
Provision hired vessels	-5 421 648	7 006 317
Realized currency gain mortgage debt	16 267 110	12 714 140
Unrealized foreign exchange gain/loss	<u>0</u>	<u>-46 392 607</u>
= Total generated from operations	<u>88 371 700</u>	<u>122 973 800</u>



**KNUTSEN BØYELASTER VI KS**  
**Notes to Financial Statement 31.12.2016**

**1 Accounting principles**

The financial statement is prepared in accordance with the fundamental accounting principles as laid out by the Norwegian Accounting Act of 1998 and generally accepted accounting standards.

**Income**

The income from the contract is denominated in USD and is recorded in line with the earning.

Income and voyage dependent cost are booked according to the percentage completed of the voyage on the reporting cut-off. The voyage calculation are based on actual figures for completed voyages and estimates for voyages which are not completed yet. The vessels are always allocated voyages, unless the vessels are declared off-hire due to technical issues or other decisions by the owners.

**Inventories**

Inventories are evaluated to market value as the principle of lower of cost and market value is considered as unpractical.

**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.

This does not cover current items denominated in foreign currency which are evaluated to the rate of exchange at year end.

**Fixed Assets and Dry-Docking**

The total cost of the vessel is capitalised and depreciated to zero at the date 25 years after delivery.

Dry-docking expenses are capitalized and depreciated over the period till the next dry-docking. This is in line with the depreciation plan of the vessel, and takes into account that the vessel is classified to operate for an additional period. 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. Dry-docking for vessels more than 15 years is decomposed into two parts, one part that is depreciated over 2.5 years and one part that is depreciated over 5 years. The expenses are capitalized and depreciated accordingly. In the Profit & Loss statement the portion of the dry-docking expenses is presented under the heading "Depreciation". Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed.

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



## **Transactions in foreign currency**

The income received in USD is recorded at the rate of exchange on the day the transaction is carried out.

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 foreign exchange loss are registered as financial items.

The debt is valued at the historical rate, to the extent that future net nominal income in the same currency exceed the borrowed amount. To the extent that long-term debt exceeds the net nominal income flow, the unrealised foreign exchange loss on the exceeding amount is recorded.

Realised and unrealised foreign exchange loss are recorded under financial items. Foreign exchange gain is recorded as a financial income when actually realised.

## **Financial instruments**

The treatment of foreign exchange and interest rate instruments in the accounts 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.

## **Tax**

Limited partnerships are not tax liable as each partner is taxed directly on its share of the partnership. Consequently the company do not calculate and record deferred tax in the Profit & Loss account.

## **Cash flow statement**

The cash flow statement is presented using the indirect method in accordance with NRS. Cash and cash equivalents includes cash, bank deposits and other short term and highly liquid investments.

## **Related party transactions**

The Company has undertaken several agreements and transactions with related parties in the KNOT group. The level of fees are based on market terms and are in accordance with the arm's length principle. KNOT Management AS delivers ship management services for the Company's vessel(s). Ship management fee includes services like technical management, crewing management, IT and energy management.



## 2 Contracts

The company controls 3 advanced shuttle tankers (two owned and one chartered in).

Vessel	Owner	Charter	Contract expire
M/T Elisabeth Knutsen	Knutsen Bøyelaster VI KS	Knutsen Shuttle Tankers Pool AS	Ongoing
M/T Heather Knutsen	Knutsen Bøyelaster VI KS	Knutsen Canadian Chartering	2Q 2018
M/T Loch Rannoch	Knutsen Shuttle Tankers 2 AS	Knutsen Shuttle Tankers Pool AS	Ongoing

\*) Charter have options to extend the contract for a longer period.

KNOT Management AS is the manager for the company and is the ship manager for all the vessels, except for M/T Heather Knutsen which are ship managed by Canship Uglund Ltd. for the charterers account.

## 3 Inventories

Inventories refer to lube oil per 31.12.

## 4 Balances with related parties

	2016	2015
<b><u>Sellers credit to related parties</u></b>		
Knutsen NYK Offshore Tankers AS	0	228 141 126
KNOT Shuttle Tankers 29 AS	0	82 497 239
	0	310 638 365
<b><u>Receivables related parties</u></b>		
KNOT Shuttle Tankers 17 AS	10 376	0
<b><u>Current receivables group</u></b>		
Knutsen Shuttle Tankers Pool AS	21 909 384	37 400 329
Knutsen NYK Offshore Tankers AS	0	33 466 066
	21 909 384	70 866 395
<b><u>Long-term debt group</u></b>		
Knutsen NYK Offshore Tankers AS	5 683 345	0
<b><u>Accounts payable</u></b>		
Knutsen OAS Shipping AS	1 328 725	1 344 499
Knutsen OAS Management AS	0	10 615
Knutsen OAS (UK) Limited	435	0
	1 329 160	1 355 114
<b><u>Current liabilities group</u></b>		
Knutsen Terminal Tanker AS	17 674	0



## 5 Fixed assets

<u>Vessel</u>	<u>2016</u>	<u>2015</u>
Historical value 01.01.	1 063 884 069	1 062 410 406
Accumulated depreciation 01.01.	608 692 304	565 453 304
Book value 01.01.	455 191 765	496 957 102
Additions/Disposals	133 071	1 473 663
Annual depreciation	43 898 935	43 239 000
Book value 31.12.	411 425 901	455 191 765

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

<u>Dry docking</u>	<u>2016</u>	<u>2015</u>
Capitalised dry-docking 01.01	30 453 780	25 705 943
Accumulated depreciation dry-docking 01.01	14 371 200	17 934 200
Capitalised dry-docking 01.01	16 082 580	7 771 743
Additions/Disposals	0	16 173 838
Annual depreciation	9 331 127	7 863 000
Book value 31.12.	6 751 453	16 082 580
Total book value vessel 31.12.	418 177 354	471 274 345



## 6 Mortgage debt and financial instruments

	31.12.2016	USD	Historical rate	Rate used	NOK
				31/12	
USD-loans		63 800 000	6,419	6,419	409 506 499
Debt issuance cost					-3 364 247
					<u>406 142 252</u>
Current portion USD-loans		8 600 000			55 199 936
Current portion debt issuance cost					-1 267 790

	31.12.2015	USD	Historical rate	Rate used	NOK
				31/12	
USD-loans		72 400 000	6,430	6,430	465 552 039
Debt issuance cost					-4 637 413
					<u>460 914 626</u>
Current portion USD-loans		8 600 000			55 300 380
Current portion debt issuance cost					-1 307 778

The NOK/USD exchange rate at the year-end was 8,6456 (8,7986 in 2015).

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 31.12.2016 the not recorded foreign exchange loss (i.e. off-balance) is NOK 142 million compared to a loss of NOK 171 million as per 31.12.2015.

Security for the loans is made through first priority mortgage over each vessel, assignment of earnings, insurance and requisition compensation in respect of each vessel, assignment of charterparty and the pool agreement in respect of each vessel, earnings account pledge and pledged security in the bank account, factoring agreement, and guarantee from Knutsen NYK Offshore Tankers AS.

Book value of mortgaged assets is NOK 558 (NOK 918 millions in 2015)

Outstanding debt with more than five years to maturity is estimated to USD 24 millions.

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 10 million. Mark to market loss on the interest rate swap have not been taken into account with USD 1.0 million per 31.12.2016 (loss of USD 1.3 million per 31.12.2015).



## 7 Financial income and -expenses

<b>Financial income:</b>	<b>2016</b>	<b>2015</b>
Interest income from group company	4 384 584	19 239 948
Interest income from related parties	1 875 861	5 529 750
Other interests	28 297	3 545
Total financial income	6 288 742	24 773 243

<b>Financial expenses:</b>	<b>2016</b>	<b>2015</b>
Interest expenses	20 873 614	23 254 951
Interest to group companies	125 576	1 374 309
Guarantee expenses group	2 845 121	3 104 290
Other financial expenses	236 234	252 175
Total financial expenses	24 080 545	27 985 724

## 8 Equity

Specification of company capital as of 31.12.

Description	Capital 31.12.	Restricted capital	Capital paid in and called in
General partner's capital	6 557 250	2 622 900	6 557 250
Limited partnership capital	59 015 250	23 606 100	59 015 250
Total capital	65 572 500	26 229 000	65 572 500
Other equity 01.01			368 465 102
Dividende			-326 135 546
Result for the year			23 023 010
Total equity 31.12			130 925 067

The restricted capital is 40% of the total capital, which is in accordance with the requirements regarding the restricted capital's share of total capital as stated in the Norwegian Partnership Act. 100% of the total capital is paid in, which is in accordance with the requirement in the Norwegian Partnership Act that 40% of the total capital must be paid in within 2 years.

The Owners of the company are Knutsen Bøyelaster VI AS (10%), Knutsen Offshore Tankers AS (50%) and Knutsen Offshore Tankers 2 AS (40%).

## 9 Remuneration

No remuneration is paid to the Board members during the year.

Auditor's fee (excl. VAT):	<b>2016</b>	<b>2015</b>
Auditing	47 150	85 075
Other consulting services	0	7 216
	47 150	92 291



## 10 Crew

The company has no own employees. Consequently, the company has no pension liabilities under the pension regulation. All crew are hired from the ship managers or related subcontractors of the ship managers.

All direct costs associated with crewing is presented in crew hire, while fees to operating and crewing are presented under administration costs.

<u>Specifications</u>	<u>2016</u>	<u>2015</u>
Salaries etc.	31 705 197	50 187 689
Social security tax	1 869 667	3 889 363
Other salary related benefits	10 492 917	7 400 071
<b>Total</b>	<b>44 067 781</b>	<b>61 477 124</b>

## 11 Shares owned by board members and affiliates

Trygve Seglem controls TS Shipping Invest AS, which owns 50 % of the ultimate parent company Knutsen NYK Offshore Tankers AS.



## 12 Tax

Knutsen Bøyelaster VI 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 & Loss account.

Below is a specification of the temporary differences at the end of the financial year.

	2016	Change	2015
<u>Temporary differences:</u>			
Vessels	301 549 050	33 293 684	334 842 734
Allocation of dry docking from hired vessels	-7 776 252	-5 421 648	-13 197 900
Profit/Loss account	255 060 195	63 765 051	318 825 246
Long-term currency position	145 447 028	30 656 986	176 104 014
Deductible interest carried forward	0	-150 704	-150 704
Total positive temporary differences	694 280 021	122 143 369	816 423 390

Below is a specification of the difference between the profit/loss before tax and the basis for this years taxation:

<u>Tax based profit/loss for allocation to partners:</u>	2016	2015	
Result for the year	23 023 010	97 273 615	
Change in temporary differences	122 143 369	8 277 808	
Non-deductible items	48 744	101 445	
Tax base for the year for allocation to partners	145 215 123	105 652 868	
<u>Additional information, Norwegian tonnage tax:</u>			
<u>Positive temporary differences</u>	31.12.2016	31.12.2015	
Temporary difference USD debt	57 413 888	-28 098 941	85 512 829
Sum temporary differences	57 413 888	-28 098 941	85 512 829

<u>Tax based profit/loss for allocation to partners of tonnage tax:</u>	2016	2015
Net financial result	-34 340 214	44 878 866
Agio/disagio over freight income	-16 267 110	-12 714 140
Non-deductible interest	11 526 247	10 246 913
Foreign exchange gain/loss, not taxable	19 861 893	-18 198 694
Change in temporary differences before LP	28 098 941	-52 115 444
Tax base for the year for allocation to partners	8 879 757	-27 902 500



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Knutsen Bøyelanster VI KS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Knutsen Bøyelanster VI KS, which comprise the balance sheet as at 31 December 2016, the income statement and statements 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 of Knutsen Bøyelanster VI KS 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 2016 and its financial performance 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, 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 determine 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 the



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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, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management have fulfilled their 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, 28 February 2017  
ERNST & YOUNG AS

Magnus H. Birkeland  
State Authorised Public Accountant (Norway)

Independent auditor's report - Knutsen Bøyelanster VI KS

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