



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2021 - 31.12.2021

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: 10.03.2022

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, 28.03.2023



Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Inntekter			
Freight income	3	193 391 229	207 824 589
Other operating income	3		
Commissions		-5 227 640	-5 768 122
Sum inntekter		188 163 589	202 056 466
Kostnader			
Ordinary depreciation	4	50 518 692	54 154 428
Administration expenses	9	1 995 753	2 024 398
Sum kostnader		52 514 445	56 178 826
Driftsresultat		135 649 144	145 877 640
Finansinntekter og finanskostnader			
Financial income	5	6	91 168
Foreign exchange profit/loss		3 170 134	1 086 023
Sum finansinntekter		3 170 140	1 177 191
Financial expenses	5	31 140 621	39 362 576
Sum finanskostnader		31 140 621	39 362 576
Netto finans		-27 970 481	-38 185 385
Ordinært resultat før skattekostnad		107 678 663	107 692 256
Ordinært resultat etter skattekostnad		107 678 663	107 692 256
Årsresultat		107 678 663	107 692 256
Årsresultat etter minoritetsinteresser		107 678 663	107 692 256
Totalresultat		107 678 663	107 692 256



Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Vessel	4, 6	784 397 841	834 916 533
Vessel under construction	3, 6, 12		
Sum varige driftsmidler		784 397 841	834 916 533
Sum anleggsmidler		784 397 841	834 916 533
Omløpsmidler			
Varer			
Fordringer			
Other short-term receivables		375 227	217 254
Konsernfordringer		655 187	213 358
Sum fordringer		1 030 413	430 612
Other financial instruments	6		
Bankinnskudd, kontanter og lignende			
Bank deposits		43 684 334	36 235 122
Sum bankinnskudd, kontanter og lignende		43 684 334	36 235 122
Sum omløpsmidler		44 714 748	36 665 734
SUM EIENDELER		829 112 589	871 582 267
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Company capital		44 500 000	44 500 000
Sum innskutt egenkapital		44 500 000	44 500 000



Balanse

Beløp i: NOK	Note	2021	2020
Opptjent egenkapital			
Other equity		119 158 584	143 461 711
Sum opptjent egenkapital		119 158 584	143 461 711
Sum egenkapital	8, 10	163 658 584	187 961 711
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	6	602 326 737	663 717 884
Sum annen langsiktig gjeld		602 326 737	663 717 884
Sum langsiktig gjeld		602 326 737	663 717 884
Kortsiktig gjeld			
Leverandørgjeld	7	252 167	201 219
Utbytte		42 651 560	
Kortsiktig konserngjeld		1 263 306	1 270 626
Accrued interest		722 321	688 605
Other financial instruments	6		
Other current liabilities		18 237 914	17 742 221
Sum kortsiktig gjeld		63 127 268	19 902 672
Sum gjeld		665 454 004	683 620 556
SUM EGENKAPITAL OG GJELD		829 112 589	871 582 267



Knutsen Shuttle Tankers XII KS

Annual Report 2021



M/T “Fortaleza Knutsen”

M/T “Recife Knutsen”

KNOT
Offshore Partners LP



KNUTSEN SHUTTLE TANKERS XII KS

REPORT OF THE BOARD OF DIRECTORS

2021

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

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

The partnerships' activity

The partnership 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 partnership got a net income of NOK 188 163 589 in 2021 (NOK 202 056 466 in 2020). The operating result for the year 2021 was NOK 135 649 144 compared to NOK 145 877 641 in 2020. The financial result was minus NOK 27 970 481 in 2021, compared to minus NOK 38 185 385 in 2020. The result for the year was NOK 107 678 663 compared to NOK 107 692 256 in 2020. The result will be transferred to other equity.

Total cash flow from operating activities in the partnership was positive with NOK 175 927 882, compared to NOK 186 773 662 in 2020. The Partnership have used NOK 168 478 670 of the operational cash flow to pay the ordinary installments on the mortgage debt and pay extraordinary dividend and NOK 7 449 210 is added to the cash balance during the year. The liquidity balance was NOK 43 684 334 as at 31.12.2021 (NOK 36 235 122 as of 31.12.2020).

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 partnership, the group and the manager KNOT Management AS are concerned with an operational excellence. Partnership'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 partnership 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 partnership is not aware of any matters that indicate the pollution the environment significantly.



Working environment

There are no employees in the partnership and thus no working environment. The Board of Directors of the general partner consist of three men elected by the owners of the general partner. There have not been taken out any board of directors liability insurance.

Future prospects

The partnership has long term financing of the vessels on charter contracts and the future earnings and cashflow from the vessels are expected to be steady for the partnership. The charterer has taken both vessels through 10-year class renewal in 2021 and installed ballast water treatment systems on both vessels. The Board expects that 2022 will be a satisfactory year for the partnership and the Board expect to continue with quarterly dividend payments during 2022.



Trygve Seglen
Chairman of the Board/CEO

Haugesund, March 10, 2022



Karl Gerhard Bråstein Dahl
Board member



Takashi Domyo
Board member



Knutsen Shuttle Tankers XII KS

Profit & Loss Account

	Note	2021	2020
<u>Operating Income</u>			
Freight income	3	193 391 229	207 824 589
Commissions		-5 227 640	-5 768 122
<i>Total Operating Income</i>		<u>188 163 589</u>	<u>202 056 466</u>
<u>Operating Expenses</u>			
Administration expenses	9	1 995 753	2 024 398
<i>Total Operating Expenses</i>		<u>1 995 753</u>	<u>2 024 398</u>
<i>Operating result before depreciation</i>		<u>186 167 836</u>	<u>200 032 068</u>
Ordinary depreciation	4	50 518 692	54 154 428
<i>Total depreciation</i>		<u>50 518 692</u>	<u>54 154 428</u>
<i>Operating Result</i>		<u>135 649 144</u>	<u>145 877 640</u>
<u>Financial Income and Expenses</u>			
Financial income	5	6	91 168
Foreign exchange profit/loss		3 170 134	1 086 023
Financial expenses	5	-31 140 621	-39 362 576
<i>Net Financial Items</i>		<u>-27 970 481</u>	<u>-38 185 385</u>
<i>Result for the year</i>		<u>107 678 663</u>	<u>107 692 256</u>



Knutsen Shuttle Tankers XII KS

Balance Sheet as of 31. December

<u>ASSETS</u>	Note	2021	2020
<u>Fixed Assets</u>			
Vessel	4, 6	784 397 841	834 916 533
<i>Total Fixed Assets</i>		<u>784 397 841</u>	<u>834 916 533</u>
<u>Current Assets</u>			
Other short-term receivables		375 227	217 254
Current receivables group		655 187	213 358
Bank deposits		43 684 334	36 235 122
<i>Total Current Assets</i>		<u>44 714 748</u>	<u>36 665 734</u>
<i>ASSETS</i>		<u>829 112 589</u>	<u>871 582 267</u>

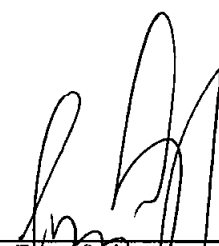


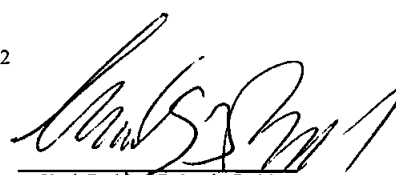
Knutsen Shuttle Tankers XII KS

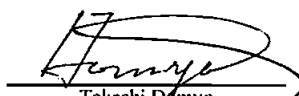
Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	Note	2021	2020
<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		119 158 584	143 461 711
<i>Total Equity</i>	8, 10	<u>163 658 584</u>	<u>187 961 711</u>
<u>Other non-current liabilities</u>			
Mortgage debt	6	602 326 737	663 717 884
<i>Total Long Term Debt</i>		<u>602 326 737</u>	<u>663 717 884</u>
<u>Current Liabilities</u>			
Accounts payable	7	252 167	201 219
Accrued interest		722 321	688 605
Current liabilities group		1 263 306	1 270 626
Dividends		42 651 560	0
Other current liabilities		18 237 914	17 742 221
<i>Total Current Liabilities</i>		<u>63 127 268</u>	<u>19 902 672</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>829 112 589</u>	<u>871 582 267</u>

Haugesund, March 10, 2022


Tygve Sjølem
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

	2021	2020
Total generated from operations 1)	175 954 648	187 369 557
Change in working capital	<u>-26 766</u>	<u>-595 894</u>
Net cashflow from operations	<u>175 927 882</u>	<u>186 773 662</u>
Net cashflow from investments	<u>0</u>	<u>0</u>
Net paid-out dividend/capital decrease	-89 330 230	-96 545 930
Paid installments on mortgage debt	<u>-79 148 440</u>	<u>-86 768 086</u>
Net cashflow from financing	<u>-168 478 670</u>	<u>-183 314 016</u>
Net cashflow for the year	7 449 210	3 459 644
+ Cash balance per 1.1	<u>36 235 122</u>	<u>32 775 476</u>
= Cash Balance per 31.12.	<u>43 684 334</u>	<u>36 235 122</u>

1) Generated from operations:

Result for the year	107 678 663	107 692 256
+ Ordinary depreciation	50 518 692	54 154 428
+ Amortization deferred debt issuance cost	2 394 439	2 540 373
+ Realized currency gain mortgage debt	15 362 854	22 982 500
= Total generated from operations	<u>175 954 648</u>	<u>187 369 557</u>



Knutsen Shuttle Tankers XII KS

Notes to Financial Statements 31.12.2021

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 partnership'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

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 Knutsen NYK Offshore Tankers Group and KNOT Offshore Partners 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 Partnership performed by corporate functions like management, legal, accounting and controlling, risk management and commercial management.

3 Contracts

The Partnership 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. KNOT Management AS delivers services to the Partnership performed by corporate functions like management, legal, accounting and controlling, risk management and commercial management.

4 Fixed Assets and Dry-Docking

<u>Vessels</u>	<u>2021</u>	<u>2020</u>
Historical value 1.1.	1 353 842 328	1 353 842 328
Acc. Depreciation 1.1.	518 925 795	464 771 367
Book Value 1.1	834 916 533	889 070 961
Ordinary annual depreciation	50 518 692	54 154 428
Book value 31.12.	784 397 841	834 916 533

The company changed in third quarter 2021 the useful life estimate for M/T Fortaleza Knutsen og M/T Recife Knutsen from 25 years to 23 years due to prevailing longer-term market trends. The company updated at the same time the estimated net sales price at the end of estimated life from NOK 0 at 25 years to estimated net sales price at end the new estimated end of life.

5 Financial Income and -Expenses

	<u>2021</u>	<u>2020</u>
Financial Income:		
Interest income	6	91 168
Total financial income	6	91 168
Financial expenses:		
Interest expenses	27 063 355	34 480 169
Guarantee expenses group	3 767 855	4 559 353
Other financial expenses	309 411	323 054
Total financial expenses	31 140 621	39 362 576



6 Mortgage Debt and Financial Instruments

Figures as per 31.12.2021

	USD	Historical rate	Rate as at 31.12	NOK
USD-loan	85 687 600	8,1556	7,0722	605 999 845
Deferred debt issuance cost				-3 673 108
				<u>602 326 737</u>

Current portion:

USD-loan	9 019 200			63 785 586
Deferred debt issuance cost				-2 246 422
				<u>61 539 164</u>

Figures as per 31.12.2020

	USD	Historical rate	Rate as at 31.12	NOK
USD-loan	94 706 800	8,1556	7,0722	669 785 431
Deferred debt issuance cost				-6 067 547
				<u>663 717 884</u>

Current portion:

USD-loan	9 019 200			63 785 586
Deferred debt issuance cost				-2 394 442
				<u>61 391 144</u>

The NOK/USD exchange rate at the year-end was 8,8363 (8,5375 per 31.12.20).

Estimated outstanding debt per year end 2026 is USD 40.6 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 31.12.2021 the not recorded foreign exchange loss (i.e. off-balance) is NOK 151 million compared to a loss of NOK 139 million as per 31.12.2020.

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 829 million per 31.12.2021 (NOK 872 million at 31.12.20).

The partnership has aimed to reduce the market risk by entering financial contracts. The partnership 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 partnership has also entered into interest rate swap contracts to reduce the effects of fluctuations in the interest rate. The partnership has entered agreements on fixed interest rates on USD 25 million. Mark to market loss on the interest rate swaps have not been taken into account with USD 1.5 million per 31.12.2021 (loss of USD 2.9 million pr 31.12.2020).

7 Balances with related parties

	2021	2020
<u>Accounts payable related parties</u>		
KNOT Management AS	252 167	201 219
<u>Other short-term receivables</u>		
Knutsen OAS Shipping AS	1 697	0



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	44 500 000	0	44 500 000
Other equity 1.1			143 461 711
Dividends			-89 330 230
Dividends paid-out after balance date			-42 651 560
Result for the year			107 678 663
Total equity 31.12			163 658 584

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 I2 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):	2021	2020
Audit	18 819	37 638
Tax advice	0	0
Other services besides audit	0	0
	18 819	37 638

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 30,47 % 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 the 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:

	2021	2020
Net financial result	-27 970 481	-38 185 385
Non-deductible interest / taxable interest	20 390 692	31 570 094
Foreign exchange gain/loss, not taxable	-3 285 998	-1 556 408
Tax base for the year for allocation to partners	-10 865 787	-8 171 700



Statsautoriserte revisorer
Ernst & Young AS

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www.ey.no
Medlemmer av Den norske Revisorforening

To the Shareholders' Meeting of Knutsen Shuttle Tankers XII KS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Knutsen Shuttle Tankers XII KS (the company) which comprise the balance sheet as at December 31, 2021, the statement of income 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 present fairly in all material respects the financial position of the Company as at December 31, 2021 and (of) its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with 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' Code of International 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

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is materially inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or the information in the Board of Directors' report and for the other information presented with the financial statements 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 the management for the Financial Statements

The management is responsible for the preparation of financial statements that give a true and fair view 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.



Building a better
working world

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 insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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.

Oslo, 10 March 2022
Ernst & Young AS

Johan Lid Nordby
State Authorised Public Accountant
(This document is signed electronically)

Independent auditor's report - Knutsen Shuttle Tankers XII KS

A member firm of Ernst & Young Global Limited

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Johan Nordby

Statsautorisert revisor

On behalf of: 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

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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