



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 992 593 903
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNUTSEN SHUTTLE TANKERS 2 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2017 - 31.12.2017

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: 28.02.2018

Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert
År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

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, 02.05.2021



Resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	3	53 237 292	53 400 115
Sum inntekter		53 237 292	53 400 115
Kostnader			
Lønnskostnad	10		
Avskrivning på varige driftsmidler og immaterielle eiendeler	9, 9	30 339 540	30 193 065
Nedskrivning av varige driftsmidler og immaterielle eiendeler	9		
Annen driftskostnad	8	931 279	876 737
Sum kostnader		31 270 819	31 069 802
Driftsresultat		21 966 473	22 330 313
Finansinntekter og finanskostnader			
Annen finansinntekt	4	-1 071 465	-67 497
Sum finansinntekter		-1 071 465	-67 497
Annen finanskostnad	4	8 060 549	8 536 676
Sum finanskostnader		8 060 549	8 536 676
Netto finans		-9 132 015	-8 604 173
Ordinært resultat før skattekostnad		12 834 458	13 726 140
Skattekostnad på ordinært resultat	12		
Ordinært resultat etter skattekostnad		12 834 458	13 726 140
Årsresultat		12 834 458	13 726 140
Årsresultat etter minoritetsinteresser		12 834 458	13 726 140
Totalresultat		12 834 458	13 726 140



Balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	12		
Varige driftsmidler			
Skip, rigger, fly og lignende	7, 9, 7, 9	169 395 770	199 735 310
Sum varige driftsmidler		169 395 770	199 735 310
Finansielle anleggsmidler			
Lån til foretak i samme konsern	11		
Sum anleggsmidler		169 395 770	199 735 310
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer			
Konsernfordringer	11	17 933 202	
Sum fordringer		17 933 202	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	2	16 788 750	26 581 718
Sum bankinnskudd, kontanter og lignende		16 788 750	26 581 718
Sum omløpsmidler		34 721 952	26 581 719
SUM EIENDELER		204 117 722	226 317 029

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2017	2016
Selskapskapital	5, 6	100 000	100 000
Annen innskutt egenkapital		5 137 403	5 137 403
Sum innskutt egenkapital		5 237 403	5 237 403
Opptjent egenkapital			
Annen egenkapital		45 645 626	32 811 168
Sum opptjent egenkapital		45 645 626	32 811 168
Sum egenkapital	5	50 883 028	38 048 571
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	7	151 890 750	185 644 250
Sum annen langsiktig gjeld		151 890 750	185 644 250
Sum langsiktig gjeld		151 890 750	185 644 250
Kortsiktig gjeld			
Betalbar skatt	12		
Kortsiktig konserngjeld	11, 11		1 180 699
Annen kortsiktig gjeld		1 343 944	1 443 509
Sum kortsiktig gjeld		1 343 944	2 624 208
Sum gjeld		153 234 694	188 268 458
SUM EGENKAPITAL OG GJELD		204 117 722	226 317 029



KNOT Knutsen
NYK Offshore
Tankers

Knutsen Shuttle Tankers 2 AS

Annual Report 2017



M/T “ Loch Rannoch ”



Knutsen
Group





KNUTSEN SHUTTLE TANKERS 2 AS

REPORT OF THE BOARD OF DIRECTORS 2017

Knutsen Shuttle Tankers 2 AS owns one 130,031 DWT DP2 Suez-max shuttle tanker, M/T Loch Rannoch, delivered from Daewoo Heavy Industries in 1998.

The company operates out of Haugesund, Norway and has no employees and working environment. KNOT Management AS in Haugesund manages the daily operations of the company in accordance with separate agreement.

The company's activities

MT Loch Rannoch is charter out under a bare-boat agreement to the group company Knutsen Bøyelaster VI KS. The charter agreement is fixed until April 23, 2019. Knutsen Bøyelaster VI KS participates in Knutsen Shuttle Tankers Pool AS with MT Loch Rannoch for operation in the CoA and spot market of Northern part of Europe. KNOT Management AS is managing the vessel on behalf of Knutsen Bøyelaster VI KS.

Profit for the year

The operating result for Knutsen Shuttle Tankers 2 AS was NOK 21 966 473 compared to NOK 22 330 313 in 2016. The net financial loss for the year was NOK 9 132 015, compared to NOK 8 604 173 the previous year. The result for the year became NOK 12 834 458 compared to NOK 13 726 140 the year before.

The Board of Directors suggests transferring the profit for the year to other equity.

The liquidity position was NOK 16 788 750 as per 31.12.2017 compared to NOK 26 581 718 as per 31.12.2016. The company's ability to self-finance investments is good.

The company's short term debts per 31.12.2017 was 0.88 % of total debt, compared to 1.39 % as of 31.12.16. The financial position is satisfactory.

Total capital was by the end of the year NOK 204 117 722, compared to NOK 226 317 029 the year before.

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. Though, since the majority of the company's operating expenses and financial expenses also are denominated in USD, this limits the company's foreign exchange risk. The company has not entered into any forward contracts or other agreements in order to reduce the company's foreign exchange risk, hence the operating related market risk.



The group is also exposed to changes in the interest rate level, as it has long term debt carrying floating interest rate.

The financial accounts are settled on the assumption of a going concern. The board confirms the assumption of a going concern. The Board of Directors confirms that the Financial Statements give a true picture of the company's assets and liabilities, financial position and results.

Environment, safety and quality control

The requirements for environment and safety in the operations of the vessels are increasing, and both the company and the Knutsen NYK Offshore Tankers group emphasize operational quality.


The company and the group allocate considerable resources to quality control, and there are strict requirements to safety and the operational systems of the vessel. There are no matters that indicate that the company pollutes the external environment significantly, and the board of directors considers the working conditions as satisfactory. All certificates are valid. MT Loch Rannoch was certified in accordance with both the ISM and ISPS codes.

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.

Future prospects

The company's vessel is on a long term charter to Knutsen Bøyelaster VI KS and the Board of Directors has thus reason to believe that 2018 will be another satisfactory year for the company.

Haugesund, February 27, 2018



Trygve Seglem
Chairman of the Board



Fumitake Shishido
Member of the Board



Karl Gerhard Bråstein Dahl
Member of the Board



Knutsen Shuttle Tankers 2 AS

Profit & Loss Account

	Note	2017	2016
<u>Operating Income</u>			
Freight income	3	53 237 292	53 400 115
<i>Total Operating income</i>		<u>53 237 292</u>	<u>53 400 115</u>
<u>Operating Expenses</u>			
Administration	8	931 279	876 737
<i>Total Operating Expenses</i>		<u>931 279</u>	<u>876 737</u>
<i>Operating result before depreciation</i>		<u>52 306 013</u>	<u>52 523 378</u>
Ordinary depreciation	9	30 339 540	30 193 065
<i>Total depreciation and write-downs</i>		<u>30 339 540</u>	<u>30 193 065</u>
<i>Operating Result</i>		<u>21 966 473</u>	<u>22 330 313</u>
<u>Financial Income and Expenses</u>			
Financial income	4	433 770	20 869
Foreign exchange gain/loss		-1 505 235	-88 366
Financial expenses	4	-8 060 549	-8 536 676
<i>Net Financial Items</i>		<u>-9 132 015</u>	<u>-8 604 173</u>
<i>Result before taxes</i>		<u>12 834 458</u>	<u>13 726 140</u>
Taxes	12	0	0
<i>Result for the year</i>		<u>12 834 458</u>	<u>13 726 140</u>



Knutsen Shuttle Tankers 2 AS
Balance Sheet as of 31. December

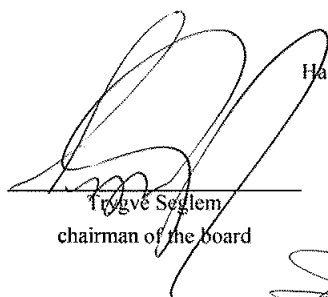
<u>EIENDELER</u>	Note	2017	2016
<u>Fixed Assets</u>			
Vessel	7, 9	169 395 770	199 735 310
<i>Total Fixed Assets</i>		<u>169 395 770</u>	<u>199 735 310</u>
<u>Current Assets</u>			
Intercompany receivables	11	17 933 202	0
Bank deposits	2	16 788 750	26 581 718
<i>Total Current Assets</i>		<u>34 721 952</u>	<u>26 581 719</u>
TOTAL ASSETS		<u>204 117 722</u>	<u>226 317 029</u>



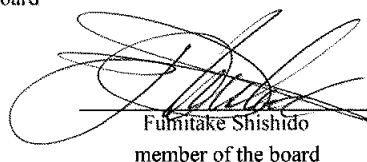
Knutsen Shuttle Tankers 2 AS
Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	Note	2017	2016
Equity			
Share capital	5, 6	100 000	100 000
Other paid-in equity		5 137 403	5 137 403
<i>Total capital paid-in</i>		<u>5 237 403</u>	<u>5 237 403</u>
Retained earnings			
Other equity		45 645 626	32 811 168
<i>Total Shareholders' Equity</i>	5	<u>50 883 028</u>	<u>38 048 571</u>
Long Term Debt			
Mortgage debt	7	151 890 750	185 644 250
<i>Total Long Term Debt</i>		<u>151 890 750</u>	<u>185 644 250</u>
Current Liabilities			
Accrued interest		1 195 024	1 294 181
Intercompany liabilities	11	0	1 180 699
Other current liabilities		148 920	149 328
<i>Total Current Liabilities</i>		<u>1 343 944</u>	<u>2 624 208</u>
<i>Total liabilities</i>		<u>153 234 694</u>	<u>188 268 458</u>
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>		<u>204 117 722</u>	<u>226 317 029</u>

Haugesund, February 27, 2018


Trygve Seglem
chairman of the board


Karl Gerhard Bråstein Dahl
member of the board


Fumitake Shishido
member of the board



KNUTSEN SHUTTLE TANKERS 2 AS

CASHFLOW STATEMENT

	2017	2016
Total generated from operations 1)	50 615 748	52 358 580
Change in working capital	<u>-19 213 466</u>	<u>5 343 695</u>
Net cashflow from operations	<u>31 402 282</u>	<u>57 702 275</u>
Invested in vessel	0	0
Net cashflow from investments	<u>0</u>	<u>0</u>
Net repayment long term debt	<u>-41 195 250</u>	<u>-42 192 875</u>
Net cashflow from financing	<u>-41 195 250</u>	<u>-42 192 875</u>
Net cashflow for the year	-9 792 969	15 509 399
+ Cash balance per 1.1	<u>26 581 718</u>	<u>11 072 319</u>
= Cash Balance per 31.12.	<u>16 788 750</u>	<u>26 581 718</u>
1) Generated from operations:		
Result for the year before taxes	12 834 458	13 726 140
+ Ordinary depreciation	30 339 540	30 193 065
- Realised gain/loss long term debt	<u>7 441 750</u>	<u>8 439 375</u>
= Total generated from operations	<u>50 615 748</u>	<u>52 358 580</u>



KNUTSEN SHUTTLE TANKERS 2 AS

Notes to the Financial Statement 31.12.2017

1 Accounting Principles

The financial statement has been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Current Assets/Current Liabilities

Fixed assets are intended for long-term ownership and use. Other assets are classified as current assets. Short-term liabilities are due within one year or tied to the operation of the vessel. Other liabilities 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.

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. Long-term debt is stated at nominal value.

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 cash flow exceed the borrowed amount. To the extent that long-term debt exceeds the net nominal cash flow, the unrealised foreign exchange 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.

Income

Income from the contract are denominated in USD and is recorded in line with the earning.



Fixed Assets and Dry-Docking

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

Dry-docking expenses are capitalised 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. In the case of a newbuilding, a portion of the total cost of the vessel equal to the dry-docking cost is capitalised. Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed. The portion of the dry-docking expenses are included in the profit and loss statement under "Other operating expenses".

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.

Tax

The company have elected to be taxed based on the Norwegian tonnage tax regime. The tonnage tax regime have a list of requirements that companies have to fulfill to qualify for election of the regime, such as minimum 3% direct or indirect ownership in vessels that perform transportation only. The company are restricted to what assets, liabilities and business they can participate in, and the same will apply for underlying companies and/or partnerships.

In the tonnage tax regime the company pay a tonnage tax based on the weight of the owned vessels and taxable result is based on a taxable financial result. This means that the company's operating results is not taxable. The taxable financial result is based on the net financial items in the profit and loss account where only a portion of the foreign exchange gain is taxable and a portion of the foreign exchange loss and interest expenses is deductible. The portion is based on the amount of financial assets compared to total assets in the balance sheet. The company will also have to pay a calculated tax on the equity if the equity exceed 70% of total capital. Tonnage tax is classified as an operating expense in the profit and loss statement.

The calculated tax expenses in the profit and loss statement includes both the payable tax for the period in addition to the change in deferred tax. Deferred tax is calculated based on the temporary differences between the balance sheet values in the accounts and the tax values in addition to the tax loss carried forward at the end of the financial year. Tax increasing and decreasing changes in temporary differences that can be reversed in the same period are offset and the net value is taken into the accounts.

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.

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 services to the Company performed by corporate functions like management, legal, accounting and controlling, risk management and commercial management.



2 Bank deposits

The company doesn't have restricted bank funds per 31.12.

3 Contracts

Knutsen Shuttle Tankers 2 AS have chartered out the vessel MT Loch Rannoch on a bare-boat charterparty to the sister company Knutsen Bøyelaster VI KS until April 2019.

KNOT Management AS are the manager for the company and the vessel.

4 Financial Income and -Expenses

	<u>2017</u>	<u>2016</u>
Financial Income:		
Interest income from group companies	305 222	0
Other interest income	128 548	20 869
Total financial income	<u>433 770</u>	<u>20 869</u>
Financial expenses:		
Interest expenses to group companies	25 849	29 875
Interest expenses	6 594 012	6 831 305
Guarantee cost to group companies	1 432 637	1 668 566
Other financial expenses	8 051	6 931
Total financial expenses	<u>8 060 549</u>	<u>8 536 676</u>

5 Equity

Specification of the equity per 31.12.

	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Other equity</u>	<u>Total equity</u>
Equity 1.1	100 000	5 137 403	32 811 168	38 048 571
Result for the year	0	0	12 834 458	12 834 458
Equity 31.12.	<u>100 000</u>	<u>5 137 403</u>	<u>45 645 626</u>	<u>50 883 028</u>

Share capital consist of 100 shares à NOK 1,000

The company is a wholly owned subsidiary of Knutsen Offshore Tankers 2 AS. Financial statements for the group can be obtained at company's registered office, Smedasundet 40, 5529 Haugesund.

6 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.



7 Mortgage Debt and Financial Instruments

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.

31.12.17		Historical rate	Rate per 31.12	
USD-loan	<u>22 500 000</u>	6,7507	6,7507	<u>151 890 750</u>
Current portion	<u>5 250 000</u>			<u>35 441 175</u>

31.12.16	USD	Historical rate	Rate per 31.12	NOK
USD-loan	<u>27 500 000</u>	6,7507	6,7507	<u>185 644 250</u>
Current portion	<u>5 000 000</u>			<u>33 753 500</u>

The USDNOK exchange rate at the year-end was 8,2411 (8,6456 in 2016)

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 31.12.2017 the not recorded foreign exchange loss (i.e. off-balance) is NOK 33.5 million compared to a loss of NOK 52.1 million as per 31.12.2016.

Security for the loan is made through a first priority mortgage in the vessel and transportation of income and a second priority mortgage in the vessel Dan Egel owned by the group company KNOT Shuttle Tankers 22 AS.

Book value of mortgaged assets is NOK 169.4 million (NOK 199.7 million in 2016)

Estimated outstanding debt per year end 2022 is USD 0 million.

8 Remuneration

The company have not paid salary or any other remuneration, nor given any loan or guarantees to any leading person or board members during the year.

Auditors remuneration (not including VAT):	2017	2016
Audit	<u>32 697</u>	<u>31 672</u>
Tax services	0	0
Other services besides audit	0	0
Sum	<u>32 697</u>	<u>31 672</u>



9 Fixed Assets and Dry-Docking

<u>Vessel</u>	<u>2017</u>	<u>2016</u>
Historical value 1.1.	428 390 175	428 390 175
Acc. Depreciaton 1.1.	228 654 865	198 461 800
Book Value 1.1.	199 735 310	229 928 375
Additions	0	0
Ordinary annual depreciation	30 339 540	30 193 065
Book value 31.12.	169 395 770	199 735 310

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

10 Employees

The company has no employees and thereby no pension liabilities (under the new OTP regulation). KNOT Management AS manages the Company in accordance with a separate management agreement.

11 Intercompany balances

	<u>2017</u>	<u>2016</u>
<u>Short-term liabilities to group companies/related parties</u>		
Knutsen NYK Offshore Tankers AS	0	1 180 699
<u>Receivables</u>		
Knutsen NYK Offshore Tankers AS	17 933 202	0



12 Tax

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating income. However it is calculated an annual tax of 24% on the company's net financial income. At the same time companies are within the tonnage tax scheme and therefor imposed tonnage tax, which in 2017 amounted to NOK 148 920 (and NOK 149 328 in 2016). Tonnage tax is classified as an operating expense.

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

	2017	Change	2016
Loss carried forward	-12 982 867	-3 223 990	-9 758 877
Basis for deferred tax (benefit)	-12 982 867	-3 223 990	-9 758 877
Deferred tax (benefit) booked	0	0	0

Taxable result tonnage tax scheme:

	2017	2016
Net financial items	-9 132 015	-8 604 173
Foreign exchange hedge over income	-7 441 750	-8 439 375
Non-deductable interest expences	5 677 044	6 247 571
Non-taxable currency gain	7 672 732	7 765 089
Taxable income before loss carried forward	-3 223 990	-3 030 888
Loss carried forward	-3 223 990	-3 030 888
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Knutsen Shuttle Tankers 2 AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Knutsen Shuttle Tankers 2 AS, which comprise the balance sheet as at 31 December 2017, profit and loss accounts 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 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 2017 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) are 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 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, 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 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, 27 February 2018
ERNST & YOUNG AS

Magnus H. Birkeland
State Authorised Public Accountant (Norway)

Independent auditor's report – Knutsen Shuttle Tankers 2 AS



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 www.skatteetaten.no Org. nr: 996250318	800 80 000 Telefaks
For elektronisk henvendelse se www.skatteetaten.no		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