



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 971 585 579
Organisasjonsform: Kommandittselskap
Foretaksnavn: KNUTSEN BØYELASTER VI KS
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, 01.05.2021



Resultatregnskap

Beløp i: NOK	Note	2017	2016
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	2	278 607 756	268 864 981
Sum inntekter		278 607 756	268 864 981
Kostnader			
Lønnskostnad	10	43 279 981	44 067 781
Avskrivning på varige driftsmidler og immaterielle eiendeler	5	54 604 557	53 230 062
Annen driftskostnad	9	107 667 494	114 203 913
Sum kostnader		205 552 032	211 501 756
Driftsresultat		73 055 724	57 363 225
Finansinntekter og finanskostnader			
Annen finansinntekt	7	-4 292 837	-10 259 669
Sum finansinntekter		-4 292 837	-10 259 669
Annen finanskostnad	7	23 742 584	24 080 545
Sum finanskostnader		23 742 584	24 080 545
Netto finans		-28 035 421	-34 340 214
Ordinært resultat før skattekostnad		45 020 302	23 023 010
Ordinært resultat etter skattekostnad		45 020 302	23 023 010
Årsresultat		45 020 302	23 023 010
Årsresultat etter minoritetsinteresser		45 020 302	23 023 010
Totalresultat		45 020 302	23 023 010



Balanse

Beløp i: NOK	Note	2017	2016
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip, rigger, fly og lignende	5, 6	383 400 539	418 177 354
Sum varige driftsmidler		383 400 539	418 177 354
Finansielle anleggsmidler			
Investering i datterselskap	4, 11		
Lån til foretak i samme konsern	4		
Sum anleggsmidler		383 400 539	418 177 354
Omløpsmidler			
Varer			
Varer	3	1 554 058	1 526 898
Sum varer		1 554 058	1 526 898
Fordringer			
Andre fordringer	4	2 436 628	2 720 378
Konsernfordringer	4	20 083 918	21 909 384
Sum fordringer		22 520 545	24 629 762
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		145 098 455	113 186 702
Sum bankinnskudd, kontanter og lignende		145 098 455	113 186 702
Sum omløpsmidler		169 173 058	139 343 362
SUM EIENDELER		552 573 597	557 520 716

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Balanse

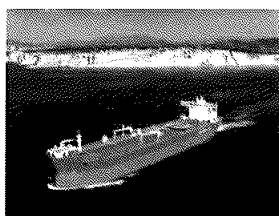
Beløp i: NOK	Note	2017	2016
Innskutt egenkapital			
Selskapskapital	8	65 572 500	65 572 500
Sum innskutt egenkapital		65 572 500	65 572 500
Opptjent egenkapital			
Annen egenkapital		45 020 303	65 352 567
Sum opptjent egenkapital		45 020 303	65 352 567
Sum egenkapital	8	110 592 803	130 925 067
Gjeld			
Langsiktig gjeld			
Andre avsetninger for forpliktelser		16 071 120	7 776 252
Sum avsetninger for forpliktelser		16 071 120	7 776 252
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	6	351 367 043	406 142 252
Langsiktig konserngjeld	4	33 029 274	5 683 345
Sum annen langsiktig gjeld		384 396 317	411 825 597
Sum langsiktig gjeld		400 467 437	419 601 849
Kortsiktig gjeld			
Leverandørgjeld	4	4 960 902	2 516 003
Kortsiktig konserngjeld	4	34 636 435	17 674
Annen kortsiktig gjeld		1 916 021	4 460 123
Sum kortsiktig gjeld		41 513 357	6 993 801
Sum gjeld		441 980 795	426 595 649
SUM EGENKAPITAL OG GJELD		552 573 597	557 520 716



KNOT Knutsen
NYK Offshore
Tankers

Knutsen Bøyelaster VI KS

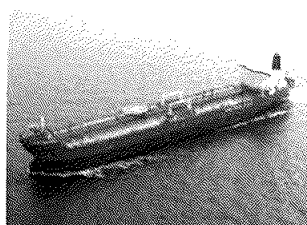
Annual Report 2017



M/T “ Elisabeth Knutsen ”



M/T “ Loch Rannoch ”



M/T “ Heather Knutsen ”



Knutsen
Group





KNUTSEN BØYELASTER VI KS

REPORT OF THE BOARD OF DIRECTORS 2017

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 32.8 million, equivalent to 50% 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 M/T Elisabeth Knutsen and M/T Loch Rannoch according to separate management agreements. Canship Ugland Ltd. operates M/T Heather Knutsen. Knutsen Bøyelaster VI KS is hiring crew from the managers and related crewing companies.

The company's activities

MT Heather Knutsen has been bare-boat chartered out to the group company Knutsen Canadian Chartering AS. The charterers has been responsible for the operation of the vessel. The vessel has been chartered further on time-charter contracts to a company in the Teekay Offshore Partners group for CoA operation offshore Canada. The vessel was redelivered to the company February 2nd 2018 and will after mobilisation to the North Sea start on a new one year time charter for the Teekay Offshore Partners group in the North Sea. The charterer has two one year options to extend the contract.

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 managers 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 73 055 724 in 2017, compared to NOK 57 363 225 in 2016. After a net financial loss of NOK 28 035 421 against net financial loss of NOK 34 340 214 the previous year, the result for the year was NOK 45 020 302, compared NOK 23 023 010 in 2016.

Total cash flow from operating activities in the company was NOK 161 981 171 compared to NOK 135 632 446 in 2016.

The company's liquidity position was NOK 145 098 455 as of 31.12.17 compared to NOK 113 186 702 per 31.12.16. The company's position of being self financing is good.

The company's short term debts per 31.12.17 were 9,4 % of total debt, compared to 1.6% as of 31.12.16. The financial position is satisfactory, and the company can as of 31.12.2017 pay short term debt by using its most liquid assets (current assets-inventories).

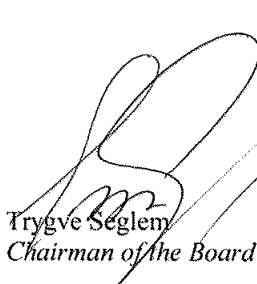
The total capital was by the end of the year NOK 553 million, compared to NOK 558 million the year before. The equity share as of 31.12.17 was 20%, compared to 23% per. 31.12.2016.

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 2018 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 2018.



Trygve Seglem
Chairman of the Board

Haugesund, February 27, 2018



Karl Gerhard Bråstein Dahl Fumitake Shishido
Member of the Board Member of the Board



Knutsen Bøyelaster VI KS

Profit & Loss Account

	Note	2017	2016
<u>Net operating income</u>			
Freight income	2	278 607 756	268 864 981
<i>Net Operating income</i>		<u>278 607 756</u>	<u>268 864 981</u>
<u>Operating Expenses</u>			
Crew-hire	10	43 279 981	44 067 781
Other operating expenses		27 374 361	24 559 085
Administration	9	10 709 796	9 857 676
<i>Total operating expenses</i>		<u>81 364 139</u>	<u>78 484 541</u>
<i>Operating result before depreciation</i>		<u>197 243 617</u>	<u>190 380 440</u>
Vessel rent		60 679 042	61 839 490
Provisions rented vessels		8 904 295	17 947 663
Ordinary depreciation	5	54 604 557	53 230 062
<i>Total rent, depreciations and impairment</i>		<u>124 187 894</u>	<u>133 017 215</u>
<i>Operating result</i>		<u>73 055 724</u>	<u>57 363 225</u>
<u>Financial Income and Expenses</u>			
Financial income	7	730 027	6 288 742
Foreign exchange gain/ loss		-5 022 865	-16 548 411
Financial expenses	7	-23 742 584	-24 080 545
<i>Net Financial Items</i>		<u>-28 035 421</u>	<u>-34 340 214</u>
<i>Result for the year</i>		<u>45 020 302</u>	<u>23 023 010</u>



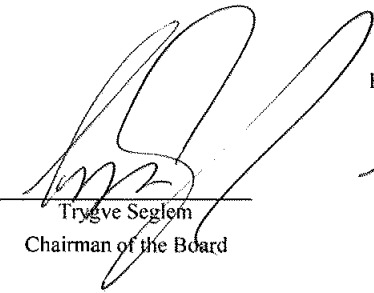
Knutsen Bøyelaster VI KS
Balance Sheet as of 31. December

<u>ASSETS</u>	Note	2017	2016
<u>Fixed Assets</u>			
Vessels	5, 6	383 400 539	418 177 354
<i>Total Fixed Assets</i>		<u>383 400 539</u>	<u>418 177 354</u>
<u>Current Assets</u>			
Inventories	3	1 554 058	1 526 898
Receivables		2 435 448	2 710 002
Other current receivables	4	1 180	10 376
Current receivables group	4	20 083 918	21 909 384
Cash and bank deposits		145 098 455	113 186 702
<i>Total Current Assets</i>		<u>169 173 058</u>	<u>139 343 362</u>
<i>TOTAL ASSETS</i>		<u>552 573 597</u>	<u>557 520 716</u>

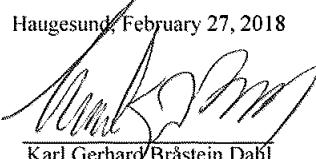



Knutsen Bøyelaster VI KS
Balance Sheet as of 31. December

<u>Shareholders' Equity and Liabilities</u>	Note	2017	2016
Equity			
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		45 020 303	65 352 567
<i>Total Shareholders' Equity</i>	8	<u>110 592 803</u>	<u>130 925 067</u>
Long Term Debt			
Provisions rented vessels		16 071 120	7 776 252
Mortgage debt	6	351 367 043	406 142 252
Long-term debt group	4	33 029 274	5 683 345
<i>Total Long Term Debt</i>		<u>400 467 437</u>	<u>419 601 849</u>
Short Term Debt			
Accounts payable	4	4 960 902	2 516 003
Accrued interest		1 770 148	3 519 208
Current liabilities group	4	34 636 435	17 674
Other current liabilities		145 872	940 915
<i>Total Current Liabilities</i>		<u>41 513 357</u>	<u>6 993 801</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>552 573 597</u>	<u>557 520 716</u>


Trygve Seglem
Chairman of the Board

Haugesund, February 27, 2018


Karl Gerhard Bråstein Dahl
Member of the Board


Fumitake Shishido
Member of the Board



KNUTSEN BØYELASTER VI KS

CASH FLOW STATEMENT

	2017	2016
Total generated from operations 1)	125 379 558	88 371 700
Change in working capital	<u>36 601 613</u>	<u>47 260 746</u>
Net cashflow from operations	<u>161 981 171</u>	<u>135 632 446</u>
Dry-docking	-19 827 742	0
Investments in vessels and newbuildings	0	-133 071
Net change sellercredit to group	<u>0</u>	<u>310 638 365</u>
Net cashflow from investments	<u>-19 827 742</u>	<u>310 505 294</u>
Paid-out to partners	-65 352 566	-326 135 546
Net change in Group loans	27 345 929	5 683 345
Net change in mortgage debt	<u>-72 235 040</u>	<u>-72 312 650</u>
Net cashflow from financing	<u>-110 241 677</u>	<u>-392 764 851</u>
Net cashflow for the year	31 911 752	53 372 889
+ Cash balance per 1.1	<u>113 186 702</u>	<u>59 813 814</u>
= Cash Balance per 31.12.	<u>145 098 455</u>	<u>113 186 702</u>
1) Generated from operations:		
Profit for the year	45 020 302	23 023 010
Ordinary depreciation	54 604 557	53 230 062
Amortized expenses debt issuance cost	1 270 331	1 273 166
Provision hired vessels	8 294 868	-5 421 648
Realized currency gain mortgage debt	<u>16 189 500</u>	<u>16 267 110</u>
= Total generated from operations	<u>125 379 558</u>	<u>88 371 700</u>



KNUTSEN BØYELASTER VI KS Notes to Financial Statement 31.12.2017

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 AS	February 2, 2018
		Teekey Navion Offshore loading Pte Ltd *	1 year
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 M/T Elisabeth Knutsen and M/T Loch Rannoch. M/T Heather Knutsen is managed by Canship Umland Ltd.

3 Inventories

Inventories refer to lube oil per 31.12.

4 Balances with related parties

	2017	2016
Receivables related parties		
KNOT Shuttle Tankers 17 AS	0	10 376
Knutsen Shuttle Tankers 13 AS	1 180	0
	1 181	10 376
Current receivables group		
Knutsen Shuttle Tankers Pool AS	20 083 838	21 909 384
KNOT Management Danmark AS	79	0
	20 083 917	21 909 384
Long-term debt group		
Knutsen NYK Offshore Tankers AS	33 029 274	5 683 345
Accounts payable		
Knutsen OAS Shipping AS	2 457 830	1 328 725
Knutsen OAS (UK) Limited	0	435
KNOT Fortaleza Knutsen	0	6
	2 457 830	1 329 166
Current liabilities group		
Knutsen Terminal Tanker AS	0	17 674
Knutsen Offshore Tankers 2 AS	32 996 825	0
KNOT Management AS	1 639 610	0
	34 636 435	17 674



5 Fixed assets

<u>Vessel</u>	<u>2017</u>	<u>2016</u>
Historical value 01.01.	1 064 017 140	1 063 884 069
Accumulated depreciation 01.01.	652 591 239	608 692 304
Book value 01.01.	411 425 901	455 191 765
Additions/Disposals	-18 185 114	133 071
Annual depreciation	44 227 585	43 898 935
Book value 31.12.	349 013 202	411 425 901

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

<u>Dry docking</u>	<u>2017</u>	<u>2016</u>
Capitalised dry-docking 01.01	30 453 780	30 453 780
Accumulated depreciation dry-docking 01.01	23 702 327	14 371 200
Capitalised dry-docking 01.01	6 751 453	16 082 580
Additions/Disposals	38 012 856	0
Annual depreciation	10 376 972	9 331 127
Book value 31.12.	34 387 337	6 751 453
Total book value vessel 31.12.	383 400 539	418 177 354



6 Mortgage debt and financial instruments

	<u>31.12.2017</u>	USD	Historical rate	Rate used 31/12	NOK
USD-loans		55 200 000	6,403	6,403	353 460 959
Debt issuance cost					-2 093 916
					<u>351 367 043</u>
Current portion USD-loans		8 600 000			55 068 193
Current portion debt issuance cost					-1 267 790
	<u>31.12.2016</u>	USD	Historical rate	Rate used 31/12	NOK
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

The NOK/USD exchange rate at the year-end was 8,2411 (8,6456 in 2016).

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 31.12.2017 the not recorded foreign exchange loss (i.e. off-balance) is NOK 101 million compared to a loss of NOK 142 million as per 31.12.2016.

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 553 millions (NOK 558 millions in 2016).

Outstanding debt with more than five years to maturity is estimated to USD 17.2 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 0.7 million per 31.12.2017 (loss of USD 1.0 million per 31.12.2016).





7 Financial income and -expenses

Financial income:	2017	2016
Interest income from group company	3 564	4 384 584
Interest income from related parties	0	1 875 861
Other interests	726 464	28 297
Total financial income	730 027	6 288 742

Financial expenses:	2017	2016
Interest expenses	20 207 447	20 873 614
Interest to group companies	765 876	125 576
Guarantee expenses group	2 439 348	2 845 121
Other financial expenses	329 912	236 234
Total financial expenses	23 742 584	24 080 545

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			65 352 567
Dividende			-65 352 566
Result for the year			45 020 302
Total equity 31.12			110 592 803

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 the limited partner Knutsen NYK Offshore Tankers AS (50%) and the general partner Knutsen Offshore Tankers 2 AS (50%).

9 Remuneration

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

Auditor's fee (excl. VAT):	2017	2016
Auditing	85 587	47 150
Other consulting services	0	0
	85 587	47 150





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>2017</u>	<u>2016</u>
Salaries etc.	31 640 504	31 705 197
Social security tax	1 519 173	1 869 667
Other salary related benefits	10 120 304	10 492 917
Total	43 279 981	44 067 781

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.

	2017	Change	2016
<u>Temporary differences:</u>			
Vessels	283 318 436	18 230 614	301 549 050
Allocation of dry docking from hired vessels	-16 071 120	8 294 868	-7 776 252
Profit/Loss account	204 048 154	51 012 041	255 060 195
Long-term currency position	103 541 677	41 905 351	145 447 028
Total positive temporary differences	574 837 146	119 442 875	694 280 021

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>	2017	2016
Result for the year	45 020 302	23 023 010
Change in temporary differences	119 442 875	122 143 369
Non-deductible items	36 850	48 744
Tax base for the year for allocation to partners	164 500 027	145 215 123

Additional information, Norwegian tonnage tax:

	31.12.2017	Change	31.12.2016
Positive temporary differences			
Temporary difference USD debt	27 912 713	-29 501 175	57 413 888
Sum temporary differences	27 912 713	-29 501 175	57 413 888

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

	2017	2016
Net financial result	-28 035 421	-34 340 214
Agio/disagio over freight income	-16 189 500	-16 267 110
Non-deductible interest	13 983 899	11 526 247
Foreign exchange gain/loss, not taxable	15 375 916	19 861 893
Change in temporary differences before LP	29 501 175	28 098 941
Tax base for the year for allocation to partners	14 636 069	8 879 757



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Partnership meeting of Knutsen Bøyelaster VI KS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Knutsen Bøyelaster VI KS, which comprise the balance sheet as at 31 December 2017, Profit and Loss Account, 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) 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 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 Bøyelaster VI KS



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