



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode: 01.01.2018 - 31.12.2018

### 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: 19.03.2019

### Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert  
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

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

Brønnøysundregistrene, 30.04.2021



## Resultatregnskap

Beløp i: NOK	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	3	189 028 908	190 501 316
Annen driftsinntekt	3	-4 927 194	-5 039 122
<b>Sum inntekter</b>		<b>184 101 714</b>	<b>185 462 193</b>
<b>Kostnader</b>			
Avskrivning på varige driftsmidler og immaterielle eiendeler	4	54 154 428	54 154 428
Annen driftskostnad	9	2 011 589	1 933 395
<b>Sum kostnader</b>		<b>56 166 017</b>	<b>56 087 823</b>
<b>Driftsresultat</b>		<b>127 935 696</b>	<b>129 374 371</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	5	8 180 969	1 126 061
<b>Sum finansinntekter</b>		<b>8 180 969</b>	<b>1 126 061</b>
Annen finanskostnad	5	44 074 335	41 747 104
<b>Sum finanskostnader</b>		<b>44 074 335</b>	<b>41 747 104</b>
<b>Netto finans</b>		<b>-35 893 365</b>	<b>-40 621 043</b>
<b>Ordinært resultat før skattekostnad</b>		<b>92 042 331</b>	<b>88 753 328</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>92 042 331</b>	<b>88 753 328</b>
<b>Årsresultat</b>		<b>92 042 331</b>	<b>88 753 328</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>92 042 331</b>	<b>88 753 328</b>
<b>Totalresultat</b>		<b>92 042 331</b>	<b>88 753 328</b>



## Balanse

Beløp i: NOK	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Skip, rigger, fly og lignende	4, 6, 3, 6, 12	943 225 389	997 379 817
<b>Sum varige driftsmidler</b>		<b>943 225 389</b>	<b>997 379 817</b>
<b>Sum anleggsmidler</b>		<b>943 225 389</b>	<b>997 379 817</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer		92 205	104 703
Konsernfordringer		282 758	6 140 510
<b>Sum fordringer</b>		<b>374 963</b>	<b>6 245 213</b>
<b>Investeringer</b>			
Andre finansielle instrumenter	6		1 686 773
<b>Sum investeringer</b>			<b>1 686 773</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		25 542 026	25 802 770
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>25 542 026</b>	<b>25 802 770</b>
<b>Sum omløpsmidler</b>		<b>25 916 989</b>	<b>33 734 755</b>
<b>SUM EIENDELER</b>		<b>969 142 378</b>	<b>1 031 114 572</b>

## BALANSE - EGENKAPITAL OG GJELD

### Egenkapital

#### Innskutt egenkapital

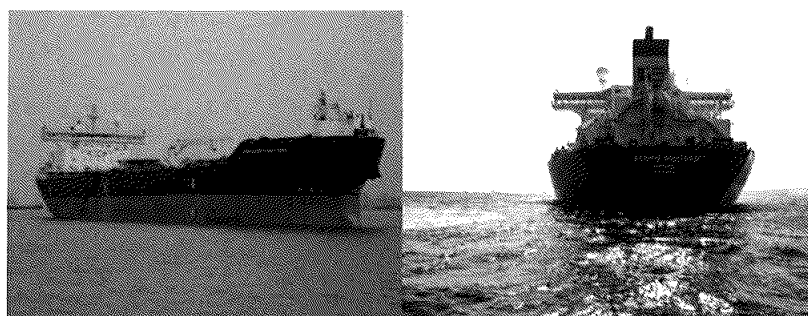


## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Selskapskapital		44 500 000	163 315 000
<b>Sum innskutt egenkapital</b>		<b>44 500 000</b>	<b>163 315 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		92 042 364	88 940 245
<b>Sum opptjent egenkapital</b>		<b>92 042 364</b>	<b>88 940 245</b>
<b>Sum egenkapital</b>	8, 10	<b>136 542 364</b>	<b>252 255 245</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	6	786 080 359	757 180 113
<b>Sum annen langsiktig gjeld</b>		<b>786 080 359</b>	<b>757 180 113</b>
<b>Sum langsiktig gjeld</b>		<b>786 080 359</b>	<b>757 180 113</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld	7	356 947	782 697
Kortsiktig konserngjeld		27 899 647	1 124 605
Annen kortsiktig gjeld	6	18 263 061	19 771 913
<b>Sum kortsiktig gjeld</b>		<b>46 519 655</b>	<b>21 679 215</b>
<b>Sum gjeld</b>		<b>832 600 014</b>	<b>778 859 328</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>969 142 378</b>	<b>1 031 114 572</b>



## Knutsen Shuttle Tankers XII KS Annual Report 2018



M/T "Fortaleza Knutsen"    M/T "Recife Knutsen"

**KNOT**  
Offshore Partners LP



## **KNUTSEN SHUTTLE TANKERS XII KS**

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

**2018**

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

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

#### **The company's activity**

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

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

#### **Result for the year**

The company got a net income of NOK 184 101 714 in 2018 (NOK 185 462 193 in 2017). The operating result for the year 2018 was NOK 127 935 696 compared to NOK 129 374 371 in 2017. The financial result was minus NOK 35 893 365 in 2018, compared to minus NOK 40 621 043 in 2017. The company had realized gain on FX derivatives of NOK 3 883 119 and an unrealized loss which amounted to NOK 1 686 773 in 2018 (unrealized gain of NOK 1 797 372 in 2017). The result for the year was NOK 92 042 331 compared to NOK 88 753 328 in 2017. The result will be transferred to other equity.

Total cash flow from operating activities in the company was positive with NOK 191 086 023, compared to NOK 148 980 358 in 2017. The Partnership have used the cash flow from operation, the refinancing that have taken place during 2018 and cash balance to pay the ordinary installments on the mortgage debt and pay extraordinary dividend and repayment of already paid in capital to the partners.

The liquidity balance was NOK 25 542 026 as at 31.12.2018 (NOK 25 802 770 as of 31.12.2017).

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

#### **The environment safety and quality control**

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



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

**Working environment**

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


**Future prospects**

The Company has long term financing of the vessels on charter contracts and the future earnings and cashflow from the company are expected to be steady for the company. The Board expects that 2019 will be a satisfactory year for the company and the Board expects to repay all group internal debt and continue with quarterly dividend payments during 2019.

Haugesund, March 15, 2019



Trygve Seglem  
*Chairman of the Board/CEO*



Karl Gerhard Bråstein Dahl  
*Board member*



Fumitake Shishido  
*Board member*



**Knutsen Shuttle Tankers XII KS**

**Profit & Loss Account**

	Note	2018	2017
<b><u>Operating Income</u></b>			
Freight income	3	189 028 908	190 501 316
Commissions		-4 927 194	-5 039 122
<i>Total Operating Income</i>		<u>184 101 714</u>	<u>185 462 193</u>
<b><u>Operating Expenses</u></b>			
Administration expenses	9	2 011 589	1 933 395
<i>Total Operating Expenses</i>		<u>2 011 589</u>	<u>1 933 395</u>
<i>Operating result before depreciation</i>		<u>182 090 124</u>	<u>183 528 799</u>
Ordinary depreciation	4	54 154 428	54 154 428
<i>Total depreciation</i>		<u>54 154 428</u>	<u>54 154 428</u>
<i>Operating Result</i>		<u>127 935 696</u>	<u>129 374 371</u>
<b><u>Financial Income and Expenses</u></b>			
Financial income	5	4 686 234	1 958 108
Foreign exchange profit/loss		3 494 735	-832 048
Financial expenses	5	-44 074 335	-41 747 104
<i>Net Financial Items</i>		<u>-35 893 365</u>	<u>-40 621 043</u>
<i>Result for the year</i>		<u>92 042 331</u>	<u>88 753 328</u>



**Knutsen Shuttle Tankers XII KS**

**Balance Sheet as of 31. December**

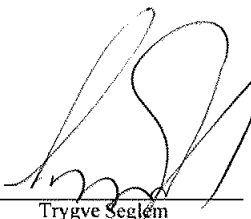
<u>ASSETS</u>	Note	2018	2017
<b><u>Fixed Assets</u></b>			
Vessel	4, 6	943 225 389	997 379 817
<i>Total Fixed Assets</i>		<u>943 225 389</u>	<u>997 379 817</u>
<b><u>Current Assets</u></b>			
Other short-term receivables		92 205	104 703
Current receivables group		282 758	6 140 510
Other financial instruments	6	0	1 686 773
Bank deposits		25 542 026	25 802 770
<i>Total Current Assets</i>		<u>25 916 989</u>	<u>33 734 755</u>
<i>ASSETS</i>		<u>969 142 378</u>	<u>1 031 114 572</u>



**Knutsen Shuttle Tankers XII KS**

**Balance Sheet as of 31. December**

<u>Shareholders Equity and Liabilities</u>	Note	2018	2017
<b>Equity</b>			
Company capital		44 500 000	163 315 000
<i>Total paid in capital</i>		<u>44 500 000</u>	<u>163 315 000</u>
Other equity		92 042 364	88 940 245
<i>Total Equity</i>	<b>8, 10</b>	<u>136 542 364</u>	<u>252 255 245</u>
<b>Other long-term liabilities</b>			
Mortgage debt	<b>6</b>	786 080 359	757 180 113
<i>Total Long Term Debt</i>		<u>786 080 359</u>	<u>757 180 113</u>
<b>Current Liabilities</b>			
Accounts payable	<b>7</b>	356 947	782 697
Accrued interest		178 816	2 740 856
Current liabilities group		27 899 647	1 124 605
Other current liabilities		18 084 244	17 031 057
<i>Total Current Liabilities</i>		<u>46 519 655</u>	<u>21 679 215</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<u>969 142 378</u>	<u>1 031 114 572</u>

  
Trygve Seglem  
chairman of the board

Blaugesund, March 15, 2019  
  
Karl Gerhard Bråstein Dähl  
member of the board

  
Fumitake Shishido  
member of the board



Knutsen Shuttle Tankers XII KS

CASHFLOW STATEMENT

	2018	2017
Total generated from operations 1)	158 688 560	157 448 774
Change in working capital	32 397 463	-8 468 416
Net cashflow from operations	191 086 023	148 980 358
Invested in vessel	0	0
Net cashflow from investments	0	0
Net paid-out dividend/capital decrease	-207 755 212	-75 509 266
Net change mortgage debt	16 408 445	-71 987 562
Net cashflow from financing	-191 346 767	-147 496 828
Net cashflow for the year	-260 746	1 483 528
+ Cash balance per 1.1	25 802 770	24 319 240
= Cash Balance per 31.12.	25 542 026	25 802 770

1) Generated from operations:

Result for the year	92 042 331	88 753 328
+ Ordinary depreciation	54 154 428	54 154 428
+Amortization deferred debt issuance cost	4 148 466	3 532 205
+ Realized currency gain mortgage debt	8 343 336	11 008 813
= Total generated from operations	158 688 560	157 448 774



## Knutsen Shuttle Tankers XII KS

### Notes to Financial Statements 31.12.2018

#### 1 Accounting Principles

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

#### Current Assets/Current Liabilities

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

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

#### Income

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

#### Fixed Assets and Dry-Docking

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

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

#### Receivables

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

#### Transactions in Foreign Currency

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

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

#### Financial Instruments

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

#### Interest-bearing loan and borrowings

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

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

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



## Tax

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

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

## Cash flow statement

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

## **2 Related party transactions**

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

## **3 Contracts**

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

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

## **4 Fixed Assets and Dry-Docking**

<u>Vessels</u>	<u>2018</u>	<u>2017</u>
Historical value 1.1.	1 353 842 328	1 353 842 328
Acc. Depreciation 1.1	356 462 511	302 308 083
Book Value 1.1	997 379 817	1 051 534 245
Additions/Disposals	0	0
Ordinary annual depreciation	54 154 428	54 154 428
Book value 31.12.	943 225 389	997 379 817

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

## **5 Financial Income and -Expenses**

	<u>2018</u>	<u>2017</u>
<b>Financial Income:</b>		
Realized gain FX derivatives	4 160 238	0
Unrealized gain FX derivatives	0	1 797 372
Interest income	525 996	160 736
Total financial income	4 686 234	1 958 108
<b>Financial expenses:</b>		
Interest expenses	37 108 179	36 563 107
Realized loss FX derivatives	277 119	0
Unrealized loss FX derivatives	1 686 773	0
Other financial expenses related parties	220 502	0
Guarantee expenses group	4 335 357	4 710 772
Other financial expenses	446 404	473 225
Total financial expenses	44 074 335	41 747 104



## 6 Mortgage Debt and Financial Instruments

Figures as per 31.12.2018

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

Figures as per 31.12.2017

	USD	Historical rate	Rate as at 31.12	NOK
USD-loan	109 375 000	6,9690	6,9690	762 234 375
Deferred debt issuance cost				-5 054 262
				<u>757 180 113</u>
Current portion:				
USD-loan	8 750 000			60 978 750
Deferred debt issuance cost				-3 532 207
				<u>57 446 543</u>

The NOK/USD exchange rate at the year-end was 8,6911 (8,2411 per 31.12.17).

The company has refinanced their existing bank debt in 2018, and entered a new long-term loan with a maturity of five years. Estimated outstanding debt per year end 2023 is USD 67.7 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 31.12.2018 the not recorded foreign exchange loss (i.e. off-balance) is NOK 183 million compared to a loss of NOK 139 million as per 31.12.2017.

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 969 million per 31.12.2018 (NOK 1 031 million at 31.12.17).

The company has aimed to reduce the market risk by entering financial contracts. The company has entered long term freight contracts in USD, with the intention of having income, vessel investment and loans in the same currency in order to minimize the effects of exchange rate fluctuations. The company has also entered into interest rate swap contracts to reduce the effects of fluctuations in the interest rate. The Company has entered agreements on fixed interest rates on USD 125 million. Mark to market gain on the interest rate swaps have not been taken into account with USD 1.7 million per 31.12.2018 (gain of USD 1.7 million pr 31.12.2017).

The company has entered into foreign exchange rate contracts which have been taken into account with a gain of NOK 2.2 million (gain of 1.8 million in 2017). In 2018 1.7 million of the foreign exchange rate contracts was unrealized loss (gain of 1.6 million in 2017).

## 7 Balances with related parties

	2018	2017
Accounts payable related parties		
TS Shipping Invest AS	282	0
KNOT Management AS	271 102	335 708
	<u>271 384</u>	<u>335 708</u>



## 8 Equity

Specification of the partnership capital per 31.12

Description	Capital 31.12	Uncalled capital	Called and paid in
General partner's capital	4 450 000	0	4 450 000
Limited partnership capital	40 050 000	0	40 050 000
Total capital	44 500 000	0	44 500 000
Capital reduction during the year transported to owners			-118 815 000
Other equity 1.1			88 940 245
Dividends			-88 940 212
Result for the year			92 042 331
Total equity 31.12			136 542 364

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

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

## 9 Remuneration

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

Auditors remuneration (not including VAT):	2018	2017
Audit	35 050	34 300
Tax advice	0	0
Other services besides audit	7 000	0
	42 050	34 300

## 10 Shares Owned by Board Members and Affiliates

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

## 11 Employees

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

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

## 12 Tax

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

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

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

	2018	2017
Net financial result	-35 893 365	-40 621 043
Non-deductible interest / taxable interest	42 677 116	34 318 897
Foreign exchange gain/loss, not taxable	-7 282 031	503 842
Interest swaps/foreign exchange rate contracts	-2 118 683	-1 797 372
Other non deductible differences	0	450 000
Tax base for the year for allocation to partners	-2 616 963	-7 145 676



Statsautoriserte revisorer  
Ernst & Young AS

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Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA  
Tlf: +47 24 00 24 00

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Medlemmer av Den norske revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Partnership Meeting of Knutsen Shuttle Tankers XII KS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Knutsen Shuttle Tankers XII KS, which comprise the balance sheet as at 31 December 2018, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

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

#### Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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,



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individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

## Report on other legal and regulatory requirements

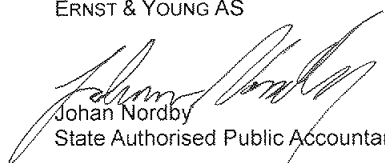
### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 15 March 2019  
ERNST & YOUNG AS



Johan Nordby  
State Authorised Public Accountant (Norway)



## Skattedirektoratet

Saksbehandler Jan Hoelstad	Deres dato 28.10.2009	Vår dato 02.06.2010
Telefon 22077325	Deres referanse Jørn Knutsen	Vår referanse 2009/867030

Ernst & Young AS  
Postboks 6163 - Postterminalen  
5892 Bergen

## Søknad om tillatelse til å unnlate å utarbeide årsregnskap og årsberetning på norsk språk

Det vises til Deres søknad av 28. oktober 2009 samt telefonsamtaler 12. desember 2009 og 31. mai 2010 i sakens anledning. De søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

- TS Shipping Invest AS org. nr: 975 883 914
- samt følgende datterselskap:
- Knutsen Atlantic Chartering AS org. nr: 984 963 262
- Knutsen Bøyelaster II KS org. nr: 959 321 752
- Knutsen Bøyelaster III KS org. nr: 959 505 349
- Knutsen Bøyelaster VI KS org. nr: 971 585 579
- Knutsen Bøyelaster VIII KS org. nr: 979 539 649
- Knutsen Bøyelaster IX KS org. nr: 979 685 521
- Knutsen Bøyelaster XI KS org. nr: 986 224 610
- Knutsen Canadian Chartering AS org. nr: 984 963 270
- Knutsen Kjemikalie Tanker KS org. nr: 953 058 995
- Knutsen Kjemikalie Tanker II KS org. nr: 955 298 640
- Knutsen Kjemikalie Tanker III KS org. nr: 876 795 922
- Knutsen Kjemikalie Tanker IV KS org. nr: 982 741 092
- Knutsen Kjemikalie Tanker V KS org. nr: 983 452 884
- Knutsen Kyst LNG KS org. nr: 984 616 848
- Knutsen Newfoundland Chartering AS org. nr: 990 356 963
- Knutsen O.A.S Shipping AS org. nr: 832 529 982
- Knutsen Offshore KS org. nr: 893 435 832
- Knutsen Product Tankers KS org. nr: 983 453 007
- Knutsen Produkt Tanker IV KS org. nr: 961 068 355
- Knutsen Produkt Tanker V AS org. nr: 979 976 445
- Knutsen Produkt Tanker VI AS org. nr: 965 870 105
- Knutsen Produkt Tanker IX AS org. nr: 983 857 191
- Knutsen Produkt Tanker X AS org. nr: 985 990 921
- Knutsen Produkt Tanker XI AS org. nr: 990 149 941
- Knutsen Produkt Tanker XII AS org. nr: 890 149 952
- Knutsen Produkt Tanker XIII AS org. nr: 891 028 342
- Knutsen Produkt Tanker XIV AS org. nr: 991 133 518

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- Knutsen Shuttle Tankers 2 AS org. nr: 992 593 903
- Knutsen Shuttle Tankers XII KS org. nr: 991 959 610
- Knutsen Shuttle Tankers 13 AS org. nr: 868 286 962
- Knutsen Shuttle Tankers Pool AS org. nr: 982 302 536
- Knutsen Terminal Tanker AS org. nr: 945 404 191
- TS Shipping Invest 2 AS org. nr: 992 826 762
- TS Shipping Invest 3 AS org. nr: 993 010 650

### **Bakgrunn:**

TS Shipping Invest AS med datterselskap er gjennom selskapet Seglem Holding AS 100 % eid av Trygve Seglem og hans familie. Alle selskapene driver virksomhet innen internasjonal shipping. Konsernet omfatter også flere utenlandske datterselskap, og engelsk er arbeids- og rapporteringsspråk for hele konsernet. Selskapenes virksomhet er finansiert gjennom flere norske og internasjonale banker. Etersom finansieringen i all hovedsak gjøres via syndikerte banklån, er det et krav fra bankene at regnskapet oversettes til engelsk språk.

Konsernet må derfor i dag utarbeide alle regnskaper både på norsk og engelsk. Denne praksisen innebærer en vesentlig kostnad uten at man ser noen synlig nytte av den norske versjonen. Det søkes derfor om dispensasjon.

### **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. Offentlige myndigheter må også anses som en sentral regnskapsbruker, idet ulike myndigheter, som lignings- og tilsynsmyndigheter, benytter regnskapene som et verktøy i sin kontrollvirksomhet.

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.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Det framgår av søknaden at alle selskapene eies av samme familie, og denne ønsker at årsregnskapet utarbeides på engelsk språk. Selskapene opererer innen en bransje med sterk internasjonal



karakter og arbeidsspråket er engelsk. Finansieringen hentes fra profesjonelle institusjoner som etterspør engelsk versjon av årsregnskapet og årsberetning. Alle sentrale aktører innen de bransjer selskapene driver, antas å måtte beherske og benytte engelsk språk.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de overnevnte navngitte selskapene i TS Shipping Invest konsernet 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.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Inger Johanne Stolt-Nielsen  
underdirektør  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

  
Jan Høelstad



## Skattedirektoratet

Saksbehandler Jan Hoelstad	Deres dato 28.10.2009	Vår dato 02.06.2010
Telefon 22077325	Deres referanse Jørn Knutsen	Vår referanse 2009/867030

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- Norspan LNG AS org. nr: 981 146 131
- Norspan LNG II AS org. nr: 982 786 126
- Norspan LNG III AS org. nr: 986 860 045
- Norspan LNG IV AS org. nr: 987 755 628
- Norspan LNG V AS org. nr: 989 970 690
- Norspan LNG VI AS org. nr: 990 224 366
- Norspan LNG VII AS org. nr: 990 911 053
- Norspan LNG VIII AS org. nr: 991 817 603

### Bakgrunn:

Selskapene er eid av de tre norske selskapene TS Shipping Invest AS, Umoe Shipping & Energy AS og Gas Maroil AS. Bak sistnevnte selskap står det spanske eierinteresser. Eierandelen mellom de tre aksjonærene er noe forskjellig for de ulike Norspan selskapene. Både eierne og selskapene det søkes dispensasjon for, driver alle innen internasjonal shipping. Selskapene har engelsk som arbeids og rapporteringsspråk. Selskapenes virksomhet er finansiert gjennom flere norske og internasjonale banker. Ettersom finansieringen i all hovedsak gjøres via syndikerte banklån, er det et krav fra bankene at regnskapet oversettes til engelsk språk.

Selskapene må derfor i dag utarbeide alle regnskaper både på norsk og engelsk. Denne praksisen innebærer en vesentlig kostnad uten at man ser noen synlig nytte av den norske versjonen. Det søkes derfor om dispensasjon.

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Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Det framgår av søknaden at selskapenes aksjer eies av et begrenset antall aksjonærer som foretrekker årsregnskap og årsberetning på engelsk. Selskapene opererer innen en bransje med sterk internasjonal karakter og arbeidsspråket er engelsk. Finansieringen hentes fra profesjonelle institusjoner som etterspør engelsk versjon av årsregnskapet og årsberetning. Alle sentrale aktører innen de bransjer selskapene driver, antas å måtte beherske og benytte engelsk språk.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering de overnevnte navngitte søkere 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. Dette inkluderer blant annet en forutsetning om at alle aksjonærer også i fortsettelsen er enig i at årsregnskap og årsberetning ikke ønskes utarbeidet på norsk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Inger Johanne Stolt-Nielsen  
underdirektør  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Jan Høelstad