



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 983 989 292  
Organisasjonsform: Kommandittselskap  
Foretaksnavn: KNUTSEN PRESSURIZED NATURAL GAS KS  
Forretningsadresse: Smedasundet 40  
5529 HAUGESUND

### Regnskapsår

Årsregnskapets periode: 01.01.2019 - 31.12.2019

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Ja  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: peter myklebust opsal  
Dato for fastsettelse av årsregnskapet: 10.03.2020

### Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert  
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

*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, 11.07.2021



## Resultatregnskap

Beløp i: NOK	Note	2019	2018
<b>RESULTATREGNSKAP</b>			
<b>Kostnader</b>			
Prosjektkostnader		994 841	368 391
Administrasjonskostnader	7	24 682	21 730
<b>Sum kostnader</b>		<b>1 019 523</b>	<b>390 121</b>
<b>Driftsresultat</b>		<b>-1 019 523</b>	<b>-390 121</b>
<b>Finansinntekter og finanskostnader</b>			
Finansinntekter	4	87	62
Agio/disagio		55	193
<b>Sum finansinntekter</b>		<b>141</b>	<b>254</b>
Finanskostnader	4	1 639 270	1 332 841
<b>Sum finanskostnader</b>		<b>1 639 270</b>	<b>1 332 841</b>
<b>Netto finans</b>		<b>-1 639 129</b>	<b>-1 332 587</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-2 658 652</b>	<b>-1 722 708</b>
<b>Ordinært resultat etter skattekostnad</b>		<b>-2 658 652</b>	<b>-1 722 708</b>
<b>Årsresultat</b>		<b>-2 658 652</b>	<b>-1 722 708</b>
<b>Årsresultat etter minoritetsinteresser</b>		<b>-2 658 652</b>	<b>-1 722 708</b>
<b>Totalresultat</b>		<b>-2 658 652</b>	<b>-1 722 708</b>



### Balanse

Beløp i: NOK	Note	2019	2018
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum anleggsmidler		0	0
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Other short-term receivables		871	1 897
Sum fordringer		871	1 897
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	2	4 762	4 100
Sum bankinnskudd, kontanter og lignende		4 762	4 100
Sum omløpsmidler		5 633	5 997
SUM EIENDELER		5 633	5 997
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		23 000 000	23 000 000
Ikke innkalt kapital		-3 000 000	-3 000 000
Sum innskutt egenkapital		20 000 000	20 000 000
<b>Opptjent egenkapital</b>			
Udekket tap		44 864 619	42 205 967
Sum opptjent egenkapital		-44 864 619	-42 205 967
Sum egenkapital	6, 8	-24 864 619	-22 205 967



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld	5	23 947 070	22 219 556
<b>Sum annen langsiktig gjeld</b>		<b>23 947 070</b>	<b>22 219 556</b>
<b>Sum langsiktig gjeld</b>		<b>23 947 070</b>	<b>22 219 556</b>
<b>Kortsiktig gjeld</b>			
Other current debt		923 182	-7 591
<b>Sum kortsiktig gjeld</b>		<b>923 182</b>	<b>-7 591</b>
<b>Sum gjeld</b>		<b>24 870 252</b>	<b>22 211 964</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>5 633</b>	<b>5 997</b>



## Skattedirektoratet

Saksbehandler Jan Hoelstad	Deres dato 11.05.2011	Vår dato 19.05.2011
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 årsberetning på norsk

Det vises til deres brev av 11. mai 2011. 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. Konsernet ønsker nå å søke om samme dispensasjon for ytterligere et antall selskap som inngår i konsernet. Dette gjelder:

- |                                       |                      |
|---------------------------------------|----------------------|
| • Knutsen Ballastvann AS              | org. nr: 992 593 830 |
| • Knutsen Ballastvann IS*             | reg. nr: 90 064 606  |
| • Knutsen Kjemikalie Tanker AS        | org. nr: 953 058 707 |
| • Knutsen Kjemikalie Tanker II AS     | org. nr: 955 298 195 |
| • Knutsen Kjemikalie Tanker III AS    | org. nr: 976 747 712 |
| • Knutsen Kjemikalie Tanker IV AS     | org. nr: 982 741 041 |
| • Knutsen Kjemikalie Tankers V AS     | org. nr: 983 452 949 |
| • Knutsen Kyst LNG AS                 | org. nr: 984 616 813 |
| • Knutsen Marine Services AS          | org. nr: 988 902 365 |
| • Knutsen OAS Management AS           | org. nr: 990 689 113 |
| • Knutsen OAS Crewing AS              | org. nr: 896 116 452 |
| • Knutsen OAS Offshore AS             | org. nr: 981 532 406 |
| • Knutsen Pressurized Natural Gas AS  | org. nr: 883 989 252 |
| • Knutsen Pressurized Natural Gas KS* | org. nr: 983 989 292 |
| • Knutsen Product Tankers AS          | org. nr: 883 453 042 |
| • Knutsen VOC AS                      | org. nr: 983 521 878 |
| • Knutsen VOC KS**                    | org. nr: 983 521 932 |
| • Seglem Shipping                     | org. nr: 892 078 122 |
| • TS Shipping Invest LNG Holding AS   | org. nr: 985 772 444 |

Alle selskapene er eid 100 % med unntak av selskapene merket med \* som er eid 89 %, og \*\* som er eid 77 %. Øvrige eierandeler i disse selskapene er eid av enkelte ansatte i TS Shipping Invest konsernet.

Postadresse Postboks 9200 Grønland 0134 Oslo For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	Besøksadresse Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org. nr: 996250318 <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	Sentralbord 800 80 000 Telefaks 22 17 08 60
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**Søknad:**

Fra deres brev gjengis:

*”TS Shipping Invest AS ønsker å omfatte flere av selskapene i konsernet til å kunne utarbeide regnskaper og årsberetning på engelsk fra og med regnskapsåret 2010. Alle selskapene i konsernet er norske selskaper som driver virksomhet innen internasjonal shipping. Selskapene og konsernet har engelsk som arbeidsspråk inklusive datterselskaper. Denne søknad omfatter en rekke komplementarer, management selskaper og selskaper som driver teknologiutvikling i tilknytning til shippingvirksomheten.*

*Brukerne av regnskapene hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften (ansatte, kunder, leverandører etc.). Kunder og leverandører og andre brukere har engelsk som sitt naturlige språk/forretningsspråk. Aksjonærstrukturen er begrenset, og for de fleste selskapene kontrollerer TS Shipping Invest 100 % av aksjene, mens for noen selskaper er ansatte i TS Shipping Invest konsernet representert med beskjedne eierposter.”*

**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 skjævt 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.

De samme fakta og argument for dispensasjon foreligger i denne søknaden som ble vurdert ved innvilgelse av dispensasjon for konsernspissen og enkelte søsterselskap. Selskapenes aktivitet er knyttet til en internasjonal bransje hvor engelsk språk benyttes både internt i selskapene samt mot aksjonærer, og i kommunikasjon med eksterne forretningspartnere.

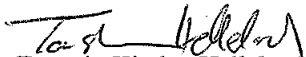


Skattedirektoratet gir på bakgrunn av en helhetsvurdering de ovenfor nevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

  
Torstein Kinden Helleland  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

  
Jan Hoelstad



**KNUTSEN PRESSURIZED NATURAL GAS KS  
REPORT OF THE BOARD OF DIRECTORS 2019**

Knutsen Pressurized Natural Gas KS (Knutsen PNG KS) aims to develop the PNG technology, develop applicable projects for application of the PNG technology and commercialize the PNG technology by way of owning and operating PNG Carriers for marine transportation of compressed natural gas and to licence the technology when applicable. After a capital increase of NOK 10 million, the company has a total company partnership capital of NOK 23 million of which NOK 9,2 million is restricted capital and 20 million has been paid in. The General Partner participates with the capital of NOK 20,470 million equivalent to 89% of the total partnership capital.

There are no employees in the company and the daily operations are handled by Knutsen OAS Shipping AS in Haugesund, according to a separate agreement.

**The company's activity**

Knutsen PNG KS launched in autumn 2001 a new technical solution for the transportation of gas, named Knutsen PNG (Pressurised Natural Gas) a concept that represents a complementary approach to today's main concept for gas transport, LNG (Liquified Natural Gas). Instead of cooling the gas to liquid form, PNG is based on the compression of gas for transport under high pressure.

Technically the company has in close cooperation with DNV-GL and Europipe GMBH brought the PNG technology to a technical and commercial level where it can be implemented for gas transport

A feasibility study using the PNG technology for transport of high vapour pressure oil was delivered to Equinor early 2019. This work will continue through 2020.

Transport of CO<sub>2</sub> on ships using the PNG technology may also be of interest to further consider during 2020 using the PNG technology.

**Result of the year**

The company had an operating loss in 2019 of NOK 1 019 523, compared to a loss of NOK 390 121, the previous year. The company's net financial expenses were NOK 1 639 129, compared to net expenses of NOK 1 332 587 the year before. The final result for the year shows a loss of NOK 2 658 652, compared to a net loss of NOK 1 722 708 in 2018.

The Board of Directors suggests the loss for the year be transferred to loss carried forward. The company's equity was lost per 31.12.2019. The parent company have provided a subordinated loan with a borrowing limit of NOK 28.000.000. The parent company TS Shipping Invest AS has issued a guarantee for adequate capital inflow and continued operations until 31.12.2020. The financial accounts are settled on the assumption of a going concern. The board confirms the assumption of a going concern.

**The environment safety and quality control**

The Board is not aware of circumstances indicating that the company pollutes the environment significantly.



The company has no employees and hire workers from its sister company, Knutsen OAS Management AS.

**Future prospects.**


Use of the technology for high pressure crude oil transport may become the method where the PNG technology finally are to be implemented. Work will continue through 2020 together with Equinor using the technology mainly for transport of crude oil with high vapour pressure.

Work will also be initiated with potential gas transporters using the technology for CO2 transport and Natural Gas transport.


Haugesund, March 10, 2020



Trygve Seglem  
*Chairman of the Board*



Nils-Kristian Strøm  
*Member of the Board*



Per Lothe  
*Member of the Board*



Ole Jacob Ræstad  
*Member of the Board*



Geir Tore Henriksen  
*Managing Director*



## Knutsen Pressurized Natural Gas KS

### Profit & Loss Account

	<u>Note</u>	2019	2018
<b><u>Operating Income</u></b>			
<b><u>Operating Expenses</u></b>			
Project costs		994 841	368 391
Administration	7	24 682	21 730
<i>Total Operating Expenses</i>		<u>1 019 523</u>	<u>390 121</u>
<i>Operating result before depreciation</i>		<u>-1 019 523</u>	<u>-390 121</u>
<i>Operating Result</i>		<u>-1 019 523</u>	<u>-390 121</u>
<b><u>Financial Income and Expenses</u></b>			
Financial income	4	87	62
Foreign exchange gain/loss		55	193
Financial expenses	4	-1 639 270	-1 332 841
<i>Net Financial Items</i>		<u>-1 639 129</u>	<u>-1 332 587</u>
<i>Result for the year</i>		<u>-2 658 652</u>	<u>-1 722 708</u>



**Knutsen Pressurized Natural Gas KS**




**Balance Sheet as of 31. December**

<b><u>EIENDELER</u></b>	<b><u>Note</u></b>	<b>2019</b>	<b>2018</b>
<b><u>Fixed Assets</u></b>			
<b><u>Current Assets</u></b>			
Other short-term receivables		871	1 897
Bank deposits	2	4 762	4 100
<i>Total Current Assets</i>		<u>5 633</u>	<u>5 997</u>
<b>TOTAL ASSETS</b>		<u>5 633</u>	<u>5 997</u>

**Knutsen Pressurized Natural Gas KS****Balance Sheet as of 31. December**

<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Equity</b>			
Limited partnership capital		23 000 000	23 000 000
Capital not paid-in		-3 000 000	-3 000 000
<i>Total capital paid-in</i>		<u>20 000 000</u>	<u>20 000 000</u>
Uncovered loss		-44 864 619	-42 205 967
<i>Total Shareholders' Equity</i>	<b>6, 8</b>	<u>-24 864 619</u>	<u>-22 205 967</u>
<b>Long Term Liabilities</b>			
Subordinated loan capital	<b>5</b>	23 947 070	22 219 556
<i>Total Long Term Liabilities</i>		<u>23 947 070</u>	<u>22 219 556</u>
<b>Current Liabilities</b>			
Other current debt		923 182	-7 591
<i>Total Current Liabilities</i>		<u>923 182</u>	<u>-7 591</u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<u><b>5 633</b></u>	<u><b>5 997</b></u>

Haugesund, March 10, 2020

  
\_\_\_\_\_  
Trygve Segtem  
Chairman of the Board  
\_\_\_\_\_  
Per Lothe  
Member of the Board  
\_\_\_\_\_  
Ole Jacob Ræstad  
Member of the Board  
\_\_\_\_\_  
Nils-Kristian Strøm  
Member of the Board  
\_\_\_\_\_  
Geir Tore Henriksen  
Managing Director



## KNUTSEN PRESSURIZED NATURAL GAS KS

### Notes to financial statements 31.12.2019

#### 1 **Accounting Principles**

The financial statement is prepared in accordance with the fundamental accounting principles and generally accepted accounting standards for small business in Norway.

##### **Current Assets/Current Liabilities**

Current assets and liabilities include items that are due for payment within one year. Other items are classified as fixed assets/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.

##### **Tax**

Knutsen Pressurized Natural Gas 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.

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.

##### **Accounts Receivable**

Accounts receivable are recorded at nominal value, net of provisions for doubtful debts. Any provision for doubtful debts is made based on evaluation of each receivable.

##### **Transactions in Foreign Currency**

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.

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

##### **Income**

Income is recorded to the Profit & Loss account as it is earned.

#### 2 **Bank deposits**

The entity does not have restricted funds per 31.12.

#### 3 **Current activity**

The company was founded 20.11.2001, and it aims to own, operate and develop patents and business which is related to it.



#### 4 Financial Income and -Expenses

	<u>2019</u>	<u>2018</u>
<b>Financial Income:</b>		
Interest income	87	62
Total financial income	<u>87</u>	<u>62</u>
<b>Financial expenses:</b>		
Interest expenses to group companies	1 634 181	1 327 994
Other financial expenses	5 089	4 848
Total financial expenses	<u>1 639 270</u>	<u>1 332 841</u>

#### 5 Subordinated loan

TS Shipping Invest AS has given an subordinate loan of maximum 28 000 000. The loan is interest calculated as other group loans but subordinate to all other debt.

Subordinated loan drawn up:	<u>2019</u>	<u>2018</u>
TS Shipping Invest AS	<u>23 947 070</u>	<u>22 219 556</u>

#### 6 Equity

Specification of the equity per 31.12.

Description	Capital 31.12	Restricted	Called and paid in
General partner's capital	20 470 000	8 188 000	17 800 000
Limited partnership capital	2 530 000	1 012 000	2 200 000
Total capital	<u>23 000 000</u>	<u>9 200 000</u>	<u>20 000 000</u>
Total equity 1.1			-22 205 967
Loss for the year			<u>-2 658 652</u>
Total equity 31.12			<u>-24 864 619</u>

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. 80% of the total capital is paid in (40% pr 31.12.2014), 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 company's equity is lost. It is referred to the Directors' Report for further comments.

Ownership as of 31.12.

TS Shipping Invest AS	89 %
Pelo Invest AS	10 %
Knutsen Technology AS	1 %



## 7 Remuneration

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

Auditor's fee (excl. VAT):	2019	2018
Auditing	22 653	21 730
Tax services	0	0
Other consulting services	0	0
	<u>22 653</u>	<u>21 730</u>

## 8 Shares Owned by Board Members and Affiliates

Trygve Seglem controls through TS Shipping Invest AS 90% of the company.  
Per Lothe owns through PELO Invest AS 10% of the company.

Financial statements for the group can be obtained at company's registered office, Smedasundet 40, 5529 Haugesund.

## 9 Employees

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

## 10 Tax

Knutsen Pressurized Natural Gas 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.

Taxable income for distribution among the participants:	2019	2018
Result for the year	-2 658 652	-1 722 708
Non-deductible items	0	0
Tax base for the year for allocation to partners	<u>-2 658 652</u>	<u>-1 722 708</u>



Statsautoriserte revisorer  
Ernst & Young AS

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Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA  
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Medlemmer av Den norske revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Partnership Meeting of Knutsen Pressurized Natural Gas KS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Knutsen Pressurized Natural Gas KS, which comprise the balance sheet as at 31 December 2019 and the profit & loss account 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 2019 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 and Chief Executive Officer (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 on the other information obtained prior to the date of the auditor's report, 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 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, 10 March 2020  
ERNST & YOUNG AS

Magnus H. Birkeland  
State Authorised Public Accountant (Norway)

Independent auditor's report - Knutsen Pressurized Natural Gas KS

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