



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 961 194 725
Organisasjonsform: Aksjeselskap
Foretaksnavn: LUSTER MEKANISKE INDUSTRI AS
Forretningsadresse: Gaupnegrandane 39
6868 GAUPNE

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

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: Geir Øren
Dato for fastsettelse av årsregnskapet: 22.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 17.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Revenue		49 572 178	46 337 986
Other operating income		1 125	
Sum inntekter		49 573 303	46 337 986
Kostnader			
Cost of materials		8 229 464	5 043 330
Personnel expenses	1	32 229 676	27 868 497
Depreciation of operating and intangible assets	2	1 688 444	1 842 705
Other operating expenses	1	8 602 051	9 284 597
Sum kostnader		50 749 636	44 039 129
Driftsresultat		-1 176 333	2 298 857
Finansinntekter og finanskostnader			
Annen renteinntekt			299
Other financial income		83 271	10 677
Sum finansinntekter		83 271	10 976
Annen rentekostnad		51 858	47 644
Sum finanskostnader		51 858	47 644
Netto finans		31 412	-36 668
Ordinært resultat før skattekostnad		-1 144 921	2 262 189
Tax on ordinary result	6	-251 247	497 898
Ordinært resultat etter skattekostnad		-893 674	1 764 291
Årsresultat		-893 674	1 764 291
Årsresultat etter minoritetsinteresser		-893 674	1 764 291
Totalresultat		-893 674	1 764 291
Overføringer og disponeringer			



Resultatregnskap

Beløp i: NOK	Note	2020	2019
Udekket tap		-893 674	
Transferred from other equity			1 764 291
Sum overføringer og disponeringer		-893 674	1 764 291



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Buildings and land	2	4 011 071	4 258 077
Equipment and other movables	2	5 444 831	6 666 437
Sum varige driftsmidler	2	9 455 902	10 924 515
Sum anleggsmidler		9 455 902	10 924 515
Omløpsmidler			
Varer			
Sum varer	3	805 158	818 617
Fordringer			
Accounts receivables	7, 8	30 071 678	39 619 769
Other short-term receivables		237 956	2 867 854
Krav på innbetaling av selskapskapital	7		20 794 592
Sum fordringer		30 309 634	63 282 214
Sum omløpsmidler		31 114 792	64 100 831
SUM EIENDELER		40 570 694	75 025 346
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	4	5 861 000	5 861 000
Overkurs		4 667 210	4 667 210
Annen innskutt egenkapital			1 201 576
Sum innskutt egenkapital		10 528 210	11 729 786
Opptjent egenkapital			



Balanse

Beløp i: NOK	Note	2020	2019
Other equity		10 018 860	12 339 922
Sum opptjent egenkapital		10 018 860	12 339 922
Sum egenkapital	5	20 547 070	24 069 708
Gjeld			
Langsiktig gjeld			
Utsatt skatt	6	307 841	1 300 591
Sum avsetninger for forpliktelser		307 841	1 300 591
Annen langsiktig gjeld			
Sum langsiktig gjeld		307 841	1 300 591
Kortsiktig gjeld			
Leverandørgjeld	7	4 487 133	998 407
Tax payable	6		
Public duties payable		3 867 737	2 820 511
Utbytte	7	8 012 449	42 522 847
Other short term liabilities		3 348 464	3 313 281
Sum kortsiktig gjeld		19 715 783	49 655 046
Sum gjeld		20 023 624	50 955 637
SUM EGENKAPITAL OG GJELD		40 570 694	75 025 346



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 733744

Enheten

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Organisasjonsform: Aksjeselskap
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6868 GAUPNE

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årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Geir Øren
Dato for fastsettelse av årsregnskapet: 22.04.2021

Revisjon

Årsregnskapet er utarbeidet av ekstern
autorisert regnskapsfører: Ja
Ekstern autorisert regnskapsfører har i
løpet av regnskapsåret bistått ved den
løpende regnskapsføringen eller utført
andre tjenester for selskapet enn å
utarbeide årsregnskapet: Ja

Grunnlag for avgivelse

År 2020: Årsregnskap er elektronisk innlevert.
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020.

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Brønnøysundregistrene, 23.09.2021



Organisasjonsnr: 961 194 725
LUSTER MEKANISKE INDUSTRI AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
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Overføringer og disponeringer			
Udekket tap		-893 674	
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Organisasjonsnr: 961 194 725
LUSTER MEKANISKE INDUSTRI AS

BALANSE

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Opptjent egenkapital			
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Langsiktig gjeld			
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Annen langsiktig gjeld		
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Organisasjonsnr: 961 194 725
LUSTER MEKANISKE INDUSTRI AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:
49.00



Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, NO-5006 Bergen
Postboks 6163, NO-5892 Bergen

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

Fax:

www.ey.no

Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Luster Mekaniske Industri AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Luster Mekaniske Industri AS, which comprise the balance sheet as at 31 December 2020 and the income statement 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 2020 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.

Responsibilities of management for the financial statements

The Board of Directors and Chief Executive Officer (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



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- 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.

Bergen, 23 June 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Jørn Knutsen
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: S05LS-QS8IS-0YXV1-ZTDCA-WGDGG-8UWKJ



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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Jørn Knutsen

Statsautorisert revisor

På vegne av: Ernst & Young AS

Serienummer: 9578-5992-4-3012515

IP: 145.62.xxx.xxx

2021-06-23 10:38:14Z



Penneo Dokumentnøkkel: S05L5-QS8I5-0YXY1-ZTDCA-WGDGG-8UWKJ

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Annual Report 2020

Luster Mekaniske Industri AS

Statement of Income
Balance sheet
Notes to the Accounts

Org.no.: 961 194 725



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Statement of Income			
Luster Mekaniske Industri AS			
Operating income and operating expenses	Note	2020	2019
Revenue		49 572 178	46 337 986
Other operating income		1 125	0
Total operating income		49 573 303	46 337 986
Cost of materials		8 229 464	5 043 330
Personnel expenses	1	32 229 676	27 868 497
Depreciation of operating and intangible assets	2	1 688 444	1 842 705
Other operating expenses	1	8 602 051	9 284 597
Total operating expenses		50 749 636	44 039 129
Operating profit		-1 176 333	2 298 857
Financial income and expenses			
Other interest income		0	299
Other financial income		83 271	10 677
Other interest expenses		51 858	47 644
Net financial items		31 412	-36 668
Operating result before tax		-1 144 921	2 262 189
Tax on ordinary result	6	-251 247	497 898
Annual net profit		-893 674	1 764 291
Atributable to			
Loss brought forward		893 674	0
Transferred from other equity		0	-1 764 291
Total		-893 674	1 764 291

Luster Mekaniske Industri AS

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Balance sheet			
Luster Mekaniske Industri AS			
Assets	Note	2020	2019
Fixed assets			
Tangible assets			
Buildings and land	2	4 011 071	4 258 077
Equipment and other movables	2	5 444 831	6 666 437
Total tangible assets	2	9 455 902	10 924 515
Total fixed assets		9 455 902	10 924 515
Current assets			
Inventories	3	805 158	818 617
Receivables			
Accounts receivables	7, 8	30 071 678	39 619 769
Other short-term receivables		237 956	2 867 854
Other intercompany receivables	7	0	20 794 592
Total receivables		30 309 634	63 282 214
Total current assets		31 114 792	64 100 831
Total assets		40 570 694	75 025 346



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Balance sheet			
Luster Mekaniske Industri AS			
Equity and liabilities	Note	2020	2019
Paid-up equity			
Share capital	4	5 861 000	5 861 000
Share premium reserve		4 667 210	4 667 210
Other paid-in equity		0	1 201 576
Total paid-up equity		10 528 210	11 729 786
Retained earnings			
Other equity		10 018 860	12 339 922
Total retained earnings		10 018 860	12 339 922
Total equity	5	20 547 070	24 069 708
Liabilities			
Deferred tax	6	307 841	1 300 591
Total provisions		307 841	1 300 591
Current liabilities			
Accounts payable	7	4 487 133	998 407
Public duties payable		3 867 737	2 820 511
Liabilities to Group companies	7	8 012 449	42 522 847
Other short term liabilities		3 348 464	3 313 281
Total current liabilities		19 715 783	49 655 046
Total liabilities		20 023 624	50 955 637
Total equity and liabilities		40 570 694	75 025 346

Gaupne, 17.06.2021

<p>DocuSigned by: Karsten Ivarhus Chairman of the board</p>	<p>DocuSigned by: Ola Asbjørn Otterhjell Member of the board</p>	<p>DocuSigned by: Olav Lien Member of the board</p>
<p>DocuSigned by: Svein Håtevoll Observer</p>	<p>DocuSigned by: Geir Øren General Manager</p>	

Luster Mekaniske Industri AS Page 4



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Notes to the Accounts

Accounting principles

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles for smaller businesses generally accepted in Norway.

Evaluation and classification of assets and liabilities

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet 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 recognized at nominal value. Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value. Some items are valued according to other principles as described below.

Tangible Fixed assets

Property, plant and equipment is capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realisable value or value in use. In assessing value in use, the discounted estimated future cash flows from the asset are used. Furniture and fixtures in leased buildings are depreciated over the term of the lease agreement.

Inventories

Inventories are valued at the lower of historical cost or net realizable value. Net realizable value represents market value of finished goods less remaining manufacturing and sales costs.

Revenue

The Company generally recognizes revenue for their engineering, procurement and construction-type contracts and cost of sales in accordance with accounting rules relating to construction-type and production-type contracts. Under this guidance, the Company recognizes revenue on these contracts based upon using a «Percentage of completion» method. The measurement is based on degree of completion which is based on accrued cost of total estimated cost. The Company routinely reviews its estimates relating to total estimated contract profit or loss and recognizes changes in those estimates as they are determined. Anticipated losses contracts are recorded in full in the period in which they become evident.

The «Percentage of completion» method for revenue recognition was adopted from 01.01.2020. The transition from "Unit of completion" to "Percentage of completion" is regarded as a change in accounting principle and the effect of this change is presented in the notes.

Receivables

Trade receivables and other receivables are carried at face value less allowance for doubtful accounts. The estimate for doubtful accounts is based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.



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Cash and bank deposits

Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of acquisition.

The main bank account is part of a group cash pool. The account is consequently balanced with cash transfers from / to the group pool account. This is recognized as a group payable, see note 7. The withheld employee taxes totaling NOK 890 596 in 2020 is covered by a bank guarantee of NOK 1.600.000.

Guarantees

There is a guarantee agreement for the rent of the premises to the landlord Siva AS, NOK 650.000.

Taxes

Income tax expense in the income statement consists of current tax and changes in net deferred taxes. Deferred tax is calculated as 22 % (22% in 2019) of the temporary differences between financial and tax reporting including any tax loss carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions. Tax related to the Parent Company's contributions to its subsidiaries are treated as an increase to the purchase price of the shares in the subsidiaries and tax related to group contributions received is recorded to equity and taxes payable in the balance sheet

Taxes are split between tax on net income before extraordinary items and tax on extraordinary items. Deferred tax liability and deferred tax assets are presented as a net amount in the balance sheet.



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Note 1 Salary costs and benefits, remuneration to the chief executive, board and auditor

Salary costs	2020	2019
Salaries	26 800 358	23 236 426
Payroll tax	2 896 145	2 690 517
Pension costs	2 071 470	1 937 235
Other benefits	461 704	4 320
Total	32 229 676	27 868 497

Average numbers of employees 49 49

Pension liabilities

The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act. The company has a defined contribution plan in accordance with local legislation. The defined benefit plan covers all full-time employees.

Remuneration to leading personnel	CEO	Board
Salaries	875 857	0
Other remuneration	716	0
Total	876 573	0

No loans or guarantees have been given to the General Manager, members of the Board or their related parties. No loans or guarantees amount to more than 5% of the company's share capital.

Auditor

Audit fees expensed for 2020 amount to NOK 160.000 (NOK 159.240 in 2019)
All amounts are excluding VAT.



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Note 2 Fixed assets

	Land	Buildings	Machinery & equipment	Total
Acquisition cost 01.01.2020	1 534 460	7 134 120	27 078 537	35 747 117
Addition of plant and equipment purchased	0	0	219 832	219 832
Disposal of plant and equipment sold	0	0	0	0
Acquisition cost 31.12.2020	1 534 460	7 134 120	27 298 369	35 966 949
Accumulated depreciation 01.01.2020	-407 206	-4 003 296	-20 412 100	-24 822 603
Current year's depreciation	-45 417	-201 589	-1 441 438	-1 688 444
Accumulated depreciation 31.12.2020	-452 624	-4 204 886	-21 853 538	-26 511 047
Book value as at 31.12.2020	1 081 836	2 929 234	5 444 831	9 455 902

The useful economic life is estimated to be
Method of depreciation

2-7%
straight line

10-20%
straight line

Note 3 Inventory

	2020	2019
Material	805 158	818 617
Total	805 158	818 617



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Note 4 Shareholders

The share capital in Luster Mekaniske Industri AS as of 31.12 consists of:

	Number of shares	Face value	Book value
Ordinary shares	586 100	10,00	5 861 000
Total	586 100		5 861 000

Ownership structure

The main shareholders at December 31 2020

	Total	Ownership interest	Voting rights
OneSubsea Processing AS	586 100	100 %	100 %
Total number of shares	586 100	100 %	100 %

Consolidated accounts can be obtained by visiting Schlumberger Limited's webpage: www.slb.com

Note 5 Equity capital

	Share capital	Share premium	Other equity capital	Other paid-in capital	Total equity capital
As at 31.12.2019	5 861 000	4 667 210	12 339 922	1 201 576	24 069 708
Net profit			-893 674		-893 674
Group contributions			-1 427 389	-1 201 576	-2 628 965
As at 31.12.2020	5 861 000	4 667 210	10 018 860	0	20 547 070



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Note 6 Tax

This year's tax expense	2020	2019
Entered tax on ordinary profit/loss:		
Payable tax	741 503	-338 906
Changes in deferred tax	-992 750	836 804
Tax expense on ordinary profit/loss	-251 247	497 898
Taxable income:		
Ordinary profit/loss before tax	-1 144 921	2 262 189
Permanent differences	2 890	1 014
Changes temporary differences	4 512 498	-3 803 685
Provided Group contribution to group companies	-3 370 468	0
Taxable income	0	-1 540 482
Payable tax in the balance:		
Payable tax on this year's result	741 503	-338 906
Payable tax on provided Group contribution	-741 503	0
Payable tax on received Group contribution	0	338 906
Total payable tax in the balance	0	0
Calculation of effective tax rate		
Profit before tax	-1 144 921	2 262 189
Calculated tax on profit before tax	-251 883	497 682
Tax effect of permanent differences	636	223
Effect of change in tax rate	0	-16 232
Total	-251 247	481 673
Effective tax rate	21,9 %	21,3 %

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

	2020	2019	Difference
Tangible fixed assets	789 026	1 213 801	424 775
Production contracts	610 252	4 697 975	4 087 723
Total	1 399 278	5 911 776	4 512 498
Accumulated loss to be brought forward	0	-1 540 482	-1 540 482
Received Group contribution from group companies	0	1 540 482	1 540 482
Basis for calculation of deferred tax	1 399 278	5 911 776	4 512 498
Deferred tax (22 %)	307 841	1 300 591	992 750



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Note 7 Inter-company balances with group companies and associates.

	Accounts receivables		Other receivables	
	2020	2019	2020	2019
Companies in the same group	10 375 857	26 201 164	0	20 794 592
Total	10 375 857	26 201 164	0	20 794 592

	Accounts payables		Other short-term liabilities	
	2020	2019	2020	2019
Companies in the same group	3 442 613	10 437	8 012 449	42 522 847
Total	3 442 613	10 437	8 012 449	42 522 847

Other short-term liabilities includes bank account in the group cash pool.

Note 8 Revenue and Other receivables

As of December 31st 2020 there are 7 projects that have not been completed.

The accrued revenue for these projects is NOK 6 233 643 and is shown in post Accounts receivables in the balance.



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Note 9 Effect of change in accounting principle

The company have changed the principle of revenue recognition from "Unit of Completion" to "Percentage of Completion".

The effect on revenue and cost is shown below.

	POC	UOC	Effect
Total operating income	49 573 303	43 268 697	6 304 606
Cost of materials	8 229 464	2 201 489	6 027 975
Personnel expense	32 229 676	32 229 676	
Depreciation of fixed assets	1 688 444	1 688 444	
Other operating expenses	8 602 051	8 602 051	
Total operating expenses	50 749 636	44 721 661	6 027 975
Operating profit	-1 176 333	-1 452 964	276 631

Note 10 Covid-19

The operations in 2020 have not been materially impacted by the Covid-19 pandemic.



Norwegian Directorate of Taxes

Inquiries to Torstein Kinden Helleland	Your date 01.02.2016	Our date 09.02.2016
Telephone 22078139	Your reference Geir Øren	Our reference 2016/87766

LUSTER MEKANISKE INDUSTRI AS
Gaupnegrandane
6868 GAUPNE

Permission to prepare the annual accounts and directors' report in English language for Luster Mekaniske Industri AS, org. nr. 961 194 725

With reference to your letter of 1 February 2016 you apply for permission to keep annual accounts and directors' report in English language. The application in question concerns Luster Mekaniske Industri AS.

Conclusion

Based on a total evaluation, the view of The Directorate of Taxes is that Luster Mekaniske Industri AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information that the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background

Luster Mekaniske Industri AS is 100 % owned by OneSubsea Processing AS which is owned 100 % of OneSubsea BV which is located in the Nederland's. OneSubsea BV is owned 60 % by Cameron International Corporation (Cameron) and 40% by Schlumberger. Both Cameron and Schlumberger are large multinational companies. Furthermore two out of four board members are English speaking. OneSubsea Processing AS has been granted exemption to use English language. Luster Mekaniske Industri produces steel constructions mainly to the offshore industry and is thereby operating in an industry of a strongly international character. All key players and partners in this industry speak and use English. The company also uses English as the reporting language. The annual report and financial statements are required to be prepared each year in the Norwegian language only in order to satisfy the requirements of the Norwegian Accounting Act.

Permission to make the annual accounts and the directors' report in Norway in English language

According to the Norwegian Accounting Act § 3-4, third paragraph shall *"the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language"*.

Postal address
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0134 Oslo

Visiting address:
See www.skatteetaten.no
Org.nr: 996250318
E-mail: skatteetaten.no/sendepost

Telephone
800 80 000
Telefax
22 17 08 60



Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

“The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information.”

Hence, one of the main aims of the Accounting Act is to contribute to “informative accounts for different users of accounts”. The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors’ report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that the company is a wholly owned subsidiary of a company that has been granted exemption. This company is again owned by a foreign company. The company is operating in an industry of a strongly international character. All key players and partners in this industry speak and use English. Further, the company also uses English as the reporting language.

Please state “our reference” (see above) in all written communication with The Norwegian Tax Authorities.

Best regards

Rune Tystad
Senior Adviser
Rettsavdelingen, foretaksskatt
Norwegian Directorate of Taxes

Torstein Kinden Helleland

This document has been electronically approved and contains therefore no handwritten signatures