



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	993 213 470
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	OCTIO AS
Forretningsadresse:	Kanalveien 119 5068 BERGEN

Regnskapsår

Årsregnskapets periode:	01.01.2018 - 31.12.2018
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	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:	Jan Sverre Hjertholm
Dato for fastsettelse av årsregnskapet:	26.06.2019

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, 05.09.2020



Resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	9	24 680 337	30 701 782
Sum inntekter		24 680 337	30 701 782
Kostnader			
Lønnskostnad	2	29 954 179	28 164 057
Avskrivning på varige driftsmidler og immaterielle eiendeler	6	4 553 339	3 709 615
Nedskrivning av varige driftsmidler og immaterielle eiendeler	6		25 968
Annen driftskostnad	2, 3, 9	14 287 237	8 584 611
Sum kostnader		48 794 755	40 484 250
Driftsresultat		-24 114 418	-9 782 468
Finansinntekter og finanskostnader			
Annen renteinntekt	4	741 784	714 407
Annen finansinntekt		17 055	56 099
Sum finansinntekter		758 840	770 506
Netto finans		758 840	770 506
Ordinært resultat før skattekostnad		-23 355 579	-9 011 962
Skattekostnad på ordinært resultat	5	-5 766 738	-2 428 694
Ordinært resultat etter skattekostnad		-17 588 841	-6 583 268
Årsresultat		-17 588 841	-6 583 268
Årsresultat etter minoritetsinteresser		-17 588 841	-6 583 268
Totalresultat		-17 588 841	-6 583 268
Overføringer og disponeringer			
Utbytte		107 000 000	
Konsernbidrag		-14 761 293	-7 865 613
Overføringer til/fra annen egenkapital		-109 827 548	1 282 345
Sum overføringer og disponeringer		-17 588 841	-6 583 268



Resultatregnskap

Beløp i: NOK	Note	2018	2017
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Balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	5	953 741	
Sum immaterielle eiendeler		953 741	
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	6	11 234 949	14 860 162
Sum varige driftsmidler		11 234 949	14 860 162
Finansielle anleggsmidler			
Investering i datterselskap	7	43 899 728	80 899 728
Lån til foretak i samme konsern		200 000	
Sum finansielle anleggsmidler		44 099 728	80 899 728
Sum anleggsmidler		56 288 419	95 759 890
Omløpsmidler			
Varer			
Varer			4 814 368
Sum varer			4 814 368
Fordringer			
Kundefordringer	8	3 745 266	2 117 596
Andre fordringer	8, 9	116 542 416	83 185 794
Konsernfordringer	8	19 170 510	10 349 490
Sum fordringer		139 458 192	95 652 880
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	10	8 451 835	11 544 734
Sum bankinnskudd, kontanter og lignende		8 451 835	11 544 734
Sum omløpsmidler		147 910 027	112 011 982
SUM EIENDELER		204 198 446	207 771 872



Balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	12	6 005 591	6 005 591
Overkurs	12		
Annen innskutt egenkapital	12	85 550 050	195 377 597
Sum innskutt egenkapital		91 555 641	201 383 188
Sum egenkapital		91 555 641	201 383 188
Gjeld			
Langsiktig gjeld			
Utsatt skatt	5		403 780
Sum avsetninger for forpliktelser			403 780
Annen langsiktig gjeld			
Sum langsiktig gjeld		0	403 780
Kortsiktig gjeld			
Leverandørgjeld		1 080 663	1 303 012
Skyldige offentlige avgifter		1 901 382	1 806 902
Utbytte		107 000 000	
Annen kortsiktig gjeld		2 660 760	2 874 989
Sum kortsiktig gjeld		112 642 805	5 984 904
Sum gjeld		112 642 805	6 388 684
SUM EGENKAPITAL OG GJELD		204 198 446	207 771 872



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 07.12.2009	Vår dato 14.06.2010
Telefon 22078139	Deres referanse Per Øyvind Borge-Hansen	Vår referanse 2009/990868

ERNST & YOUNG AS
Oslo Atrium Postboks 20
0051 OSLO

Søknad om tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Det vises til Deres brev av 7. desember 2009 samt telefonsamtaler i sakens anledning. De søker om tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk på vegne av;

Octio AS org. nr. 993 213 470
Octio Geophysical AS org. nr. 990 516 332
Octio Offshore 1 AS org. nr. 993 879 703
Octio Offshore 2 AS org. nr. 994 338 676
Octio Rental AS org. nr. 993 879 711
Octio Exploration AS org. nr. 992 679 301

Bakgrunn

Octio AS er morselskap i konsernet og er eid av GC Rieber Shipping ASA, Statoil Venture Capital AS og Reservoir Innovation AS. Aksjonærstrukturen er således begrenset. Alle datterselskapene er 100 % eid med unntak av Octio Geophysical AS hvor det amerikanske børsnoterte selskapet Aion Group eier 24 %. Selskapene i konsernet driver virksomhet innen internasjonal shipping og permanente seismiske operasjoner. Konsernet har engelsk som arbeidsspråk. De aller fleste av selskapenes kunder og leverandører og andre brukerne har engelsk som sitt naturlige språk og forretningsspråk. Dette gjelder også konsernets långivere.

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

Postadresse Postboks 9200 Grønland 0134 Oslo	Besøksadresse Fredrik Selmers vei 4 Org. nr: 974761076	Sentralbord 800 80 000 Telefaks 22 17 08 60
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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 sentrale verktøy i sin kontrollvirksomhet.

Det er etter Skattedirektoratets vurdering derfor avgjørende at spørsmål 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 fremgår av søknaden at selskapene har en begrenset aksjonærstruktur. Selskapene opererer inne en bransje med sterk internasjonal karakter og arbeidsspråket er engelsk. 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 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, og at øvrige opplysninger som vedtaket baserer seg på ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Jan Hoelstad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland



OCTIO AS
ANNUAL REPORT
2018



Revenue Statement			
Octio AS			
Operating income and operating expenses	Notes	2018	2017
Revenue	9	24 680 337	30 701 782
Total operating income		<u>24 680 337</u>	<u>30 701 782</u>
Cost of materials		4 805 656	1 711 103
Personnel expenses	2	29 954 179	28 164 057
Depreciation of tangible and intangible assets	6	4 553 339	3 709 615
Write-downs of tangible and intangible assets	6	0	25 968
Other operating expenses	2, 3, 9	9 481 581	6 873 508
Total operating expenses		<u>48 794 755</u>	<u>40 484 250</u>
Operating profit		<u>-24 114 418</u>	<u>-9 782 468</u>
Financial income and expenses			
Other interest income	4	741 784	714 407
Currency gains (losses)		17 055	56 099
Net financial items		<u>758 840</u>	<u>770 506</u>
Operating result before tax		<u>-23 355 579</u>	<u>-9 011 962</u>
Tax on ordinary result	5	-5 766 738	-2 428 694
Annual net profit		<u>-17 588 841</u>	<u>-6 583 268</u>
Allocation of net profit			
Dividend		107 000 000	0
Received group contribution		14 761 293	7 865 613
To other paid-in capital		0	1 282 345
From other paid-in capital		109 827 548	0
Total allocation		<u>-17 588 841</u>	<u>-6 583 268</u>

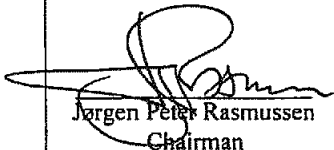







Balance sheet			
Octio AS			
Assets	Note	2018	2017
Fixed assets			
Deferred tax assets	5	953 741	0
Total intangible assets		<u>953 741</u>	<u>0</u>
Tangible assets			
Equipment and other movables	6	11 234 949	14 860 162
Total tangible assets		<u>11 234 949</u>	<u>14 860 162</u>
Financial fixed assets			
Investments in subsidiaries	7	43 899 728	80 899 728
Other financial instruments		200 000	0
Total financial fixed assets		<u>44 099 728</u>	<u>80 899 728</u>
Total fixed assets		<u>56 288 419</u>	<u>95 759 890</u>
Current assets			
Inventories		0	4 814 368
Debtors			
Accounts receivables	8	3 745 266	2 117 596
Other short-term receivables	8, 9	116 542 416	83 185 794
Group contribution receivable	8	19 170 510	10 349 490
Total receivables		<u>139 458 192</u>	<u>95 652 880</u>
Cash and bank deposits	10	8 451 835	11 544 734
Total current assets		<u>147 910 027</u>	<u>112 011 982</u>
Total assets		<u>204 198 446</u>	<u>207 771 872</u>



Balance sheet			
Octio AS			
Equity and liabilities	Note	2018	2017
Paid-in capital			
Share capital	12	6 005 591	6 005 591
Other paid-in capital	12	85 550 050	195 377 597
Total paid-in capital		<u>91 555 641</u>	<u>201 383 188</u>
Total equity		<u>91 555 641</u>	<u>201 383 188</u>
Liabilities			
Deferred tax	5	<u>0</u>	<u>403 780</u>
Current debt			
Trade creditors		1 080 663	1 303 012
Public duties payable		1 901 382	1 806 902
Dividend		107 000 000	0
Other current debt		2 660 760	2 874 989
Total current debt		<u>112 642 805</u>	<u>5 984 904</u>
Total liabilities		<u>112 642 805</u>	<u>6 388 684</u>
Total equity and liabilities		<u>204 198 446</u>	<u>207 771 872</u>

Bergen, 25.06.2019
The board of Octio AS

 Jørgen Peter Rasmussen Chairman	 Jan Ellevset Board Member	 Jeroen Van Der Hoek Board Member
 Arntfinn Kjøsavik Board Member	 Helge Brandsæter Board Member	 Bjarte Fagerås CEO

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Note 1 - Accounting Principles

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway for small enterprises (Norwegian GAAP). All amounts are in NOK unless stated.

The company does not prepare consolidated financial statements for the group but is incorporated in the consolidated statements of Equinor ASA. See www.equinor.com for annual report.

Classification and valuation of assets and liabilities

Assets intended for permanent ownership or long-term use are classified as fixed assets. Other assets are classified as current assets. Receivables falling due for payment within one year are classified as current assets. The same criteria is applied to the classification of current and long-term liabilities.

Current assets are valued at the lower of acquisition cost and fair value.

Fixed assets are capitalized at acquisition cost and are written down to fair value when the impairment in value is not considered to be of a temporary nature. Fixed assets with a limited useful economic life are depreciated systematically.

Foreign currency

Balance sheet items in foreign currencies are valued at the exchange rate in effect on the balance sheet date. Translation differences are recognized as financial costs or income.

Shares in associated companies and subsidiaries

Investments in subsidiaries are valued at cost. Investments are written down to fair value if the decline is not temporary and it is considered necessary for good accounting practice. Dividends and group contributions from subsidiaries are recognized as financial income. The same applies to investments in associated companies.

Intangible assets

Intangible assets bought one by one, are recorded in the balance sheet at historic cost. Intangible assets deriving from the acquisition of business activities are recorded in the balance sheet at historic cost when the requirements for doing so have been met.

Intangible assets are depreciated in a straight line over its expected economic life. Intangible assets are depreciated to a recovered amount if the expected economic value does not cover the value in the balance sheet and possible remaining production cost.

Research and development

Development costs are capitalized providing that a future economic benefit associated with development of the intangible asset can be established and costs can be measured reliably. Otherwise, the costs are expensed as incurred. Capitalized development costs are amortized linearly over its useful life. Research costs are expensed as incurred.

Inventories

Inventories are valued at the lower of cost according to the FIFO principle and net sales value.

Receivables

Accounts receivable and other receivables are recorded at nominal value minus provision for bad debts. Provision for bad debts is made on the basis of an individual assessment of the receivable concerned.

**Cash and bank deposits**

Cash and bank deposits include bank deposits, cash in hand and short-term bank deposits with an original maturity of three months or less.

Pension costs

The pension contribution plans are accrued according to the matching principle. The annual pension premium is charged as a cost in the income statement.

Revenue*Revenue from the sale of goods:*

Revenues from the sale of goods are recognized in the income statement once delivery has taken place and most of the risk and return has been transferred.

Service revenue:

Revenues are recognized and recorded when they are earned. This occurs when the service is produced. The revenue is recorded with the value of the compensation at the time of the transaction.

Costs

Cost is recorded in the same period as the matching revenue. In those cases where there are no clear connection between expenses and income the connection is determined with the best estimate. Exceptions from the matching principle is defined where relevant.

Taxes

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22,00 % of temporary differences and the tax effect of tax losses 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 recognized directly in equity to the extent that they relate to equity transactions.

Government grants

Investment grant is gross recorded in the balance sheet and accrued over the investments economic life as operating income. Received contribution is accrued with the cost the grant is meant to cover.



Note 2 - Employees, remuneration, salary and other payroll costs

	2018
Man-labour years	25

Remuneration to executives	Salary	Paid pension premium	Other benefits
CEO	1 643 474	98 416	46 652
			Directors' fees
Board of Directors			147 542

The company have a pension plan for all employees in compliance with the Mandatory Occupational Pensions Act.

The CEO is a member of the company's ordinary pension plan. The plan is based on contribution, and the yearly payment is 7% of the salary up to 7.1 G and 10% between 7.1 and 12 G. 1 G is the Norwegian social security base amount.

No agreements have been entered into with the CEO or the board with regards to bonus or special payments upon the termination of their employment.

The CEO has an agreement for 12 months compensation if the board demands immediate resignation without a cause.

Auditor's fee

The compensation to the auditor in 2018 is (excl. VAT):

Statutory auditing	65 044
Other services	0

Salary and other payroll costs	2018	2017
Salary	24 516 270	22 728 071
Social security tax	3 264 318	3 372 659
Pension costs	1 388 720	1 498 877
Other compensation	784 870	564 449
Total	29 954 179	28 164 057



Note 3 - Research and development costs

The company has extensive activity related to research and development of the company's DrillWatch, WellWatch, gWatch and DepthWatch product lines. The research and development costs recognised as expenses in the income statement for 2018 amounted to approximately MNOK 11.

Note 4 - Interest income

	2018	2017
Interest income		
Interest income deposit Equinor ASA	689 088	647 100
Other interest income	52 696	67 307
Total interest income	741 784	714 407

Note 5 - Taxes

Taxes payable are calculated as follows:	2018	2017
Operating result before tax	-23 355 579	-9 011 962
Tax reduction due to "SkatteFunn"	-1 940 939	-1 066 347
Permanent differences	35 258	31 895
Change in temporary differences	6 090 750	-303 077
Basis taxes payable	-19 170 510	-10 349 491
Tax rate 23% (2017: 24%)	-4 409 217	-2 483 878
Payable tax expense (income)	-4 409 217	-2 483 878

The total tax expense is calculated as follows:	2018	2017
Taxes on group contribution	-4 409 217	-2 483 877
Change in deferred tax	-1 357 521	55 183
Total tax expense (income) in the income statement	-5 766 738	-2 428 694

Deferred tax in the balance sheet:	2018	2017
Fixed assets	470 470	1 755 564
Inventories	-4 805 656	0
Total	-4 335 186	1 755 564
Deferred tax liabilities/assets in the balance sheet 22% (2017: 23%)	953 741	-403 780

**Note 6 - Tangible and intangible fixed assets**

Tangible fixed assets:	2018	2017
Acquisition cost 01.01.	28 363 082	16 258 529
+ Additions during the financial year	928 126	12 104 553
= Acquisition cost 31.12.	29 291 208	28 363 082
Accumulated depreciation 01.01.	13 502 920	9 767 337
+ Depreciation for the financial year	4 553 339	3 709 615
+ Write-down for the financial year	0	25 968
= Accumulated depreciation 31.12.	18 056 258	13 502 920
Carrying amount 31.12.	11 234 949	14 860 162

Economic life: 3 - 5 years
Depreciation method: linear

Note 7 - Subsidiaries

Company	Business office	Voting and owner's share	Carrying amount	Profit 2018	Equity 2018
Gravitude AS	Norway	100 %	43 899 728	- 5 864 613	27 461 609
OCTIO, Inc.	USA	100 %	0	0	0

OCTIO AS does not prepare consolidated financial statements for the group but is incorporated in the consolidated statements of Equinor ASA. See www.equinor.com for annual report.

The impairment test of the investment in Gravitude AS carried out as at 31.12.2018 did not indicate that any impairment of the carrying amount is required. The impairment test is based on contracts awarded and by discounting future expected cash flows.

OCTIO, Inc. is a legal entity with no activity in 2018. Carrying amount is 0,- in the balance sheet as at 31 December 2018. This subsidiary is omitted from the consolidation as the omission is insignificant to the assessment of the group's financial position and result.

Note 8 - Current receivables

	2018	2017
Accounts receivables Gravitude AS	1 773 206	723 744
Dividend from Gravitude AS	37 000 000	0
Deposit Equinor ASA	76 119 463	81 088 909
Current receivables Equinor Energy AS	601 186	593 162
Other receivables	4 793 827	2 897 575
Group contribution from Equinor	19 170 510	10 349 490
Total current receivables	139 458 192	95 652 880

All current receivables are falling due within one year.



Note 9 - Public grant

The company had a Skattefunn project supported by the Research Council of Norway in 2018. The receivables from Skattefunn amounts to kNOK 1 941 as at 31.12.2018 and is included in other receivables. The Skattefunn project is a development project. The grant is classified as a reduction of other operating expenses in the revenue statement.

The company has been granted support from Innovation Norway in 2018. The grant amounts to kNOK 144 and is classified as a reduction of personnel cost in the revenue statement.

The company has been granted CLIMIT project from Gassnova regarding monitoring of CO2 injection. The grant is classified as revenue in the income statement and for 2018 the revenue is kNOK 1 432. CLIMIT is the Norwegian national programme for research, development and demonstration of technology for CO2 capture, transport and storage. The programme is a collaboration between Gassnova and the Research Council of Norway.

Note 10 - Cash and bank deposits

	2018	2017
Restricted funds related to tax withholding	1 068 067	990 473
Other bank deposits	7 383 768	10 554 261
Total cash and bank deposits	8 451 835	11 544 734

Note 11 - Interest bearing liabilities

The company had no long term liabilities or any short term loans in 2018.

Note 13 - Equity, share capital and shareholders information

Equity	Share capital	Other paid-in capital	Total
Equity as at 01.01.2018	6 005 591	195 377 597	201 383 188
Group contribution		14 761 293	14 761 293
Net profit 2018		-17 588 841	-17 588 841
Dividend		-107 000 000	-107 000 000
Equity as at 31.12.2018	6 005 591	85 550 050	91 555 641

The company's share capital 31.12.2018 consists of the following share classes:

	Number	Face value	Book value
Ordinary shares	6 005 591	1	6 005 591
Total	6 005 591		6 005 591

**Owners:**

The company's shareholders 31.12.2018:	Ordinary shares	Share	Voting- share
Equinor Technology Ventures AS	5 939 013	98.89%	98.89%
Reservoir Innovation AS	65 374	1.09%	1.09%
Arve Hagesæter	1 204	0.02%	0.02%
Total	6 005 591	100.00%	100.00%

Ownership of shares is transferred from Equinor Venture AS to Equinor Technology Ventures AS as a consequence of merger with effect from 01.01.2019.

CEO is indirect owner through a 20% indirect ownership in Reservoir Innovation AS.



OCTIO AS

Information from the Board of Directors 2018

Operation and strategy

OCTIO AS is a company engaged in monitoring of oil and gas fields with particular focus on safe operation and improved recovery. OCTIO AS is headquartered in Bergen, Norway.

In 2018 OCTIO had high focus on real time processing of DrillWatch data in the Guardian software. OCTIO initiated purchase of two VSO systems from ION Geophysical that will be converted to two 240 node DrillWatch systems for the 2019 season. The cost of these two new DrillWatch systems is in the range of 10% of building new Drillwatch systems from scratch.

OCTIO continued the operation of the first WellWatch system on the Oseberg field with focus on 24/7 microseismic monitoring. The WellWatch system continues to operate without any problems, and events detected by the system proves the system's capabilities as an early warning system for detection of events in the reservoir and overburden.

OCTIO AS is certified according to ISO9001: 2015 by DNV.

The company's financial position and performance

Revenue for the year was NOK 24.7 million (2017: NOK 30.7 million). The company had a deficit before tax of NOK 23.4 million (- NOK 9.0 million) and a deficit after tax of NOK 17.6 million (- NOK 6.6 million).

Total equity at year end 2018 was NOK 91.6 million (NOK 201.4 million) of total assets of NOK 204.2 million (NOK 207.8 million). The company has received group contribution of 19.2 million (NOK 10.3 million). The Board proposes a dividend of NOK 107.0 million (NOK 0) to the company's shareholders. The company had no long-term debt at year end 2018 (NOK 0).

The Board believes that the information in the annual report and financial statements provides a true and fair view of the company's position, performance and development for 2018.

Research and development

OCTIO has extensive activity related to research and development around its key product, DrillWatch. The focus in 2018 has been on real time data processing in the Guardian SW package. Special attention has been on drillbit positioning and look ahead functions.

Market development and operating segments

Octio has seen a significant interest for the DrillWatch services and expect this market segment to be the company's growth area the coming years. The multitude of operational challenges addressed with a single system makes the services applicable for worldwide operation.



Continued operations

The financial statements are prepared under the assumption of continued operations in accordance with the Norwegian Accounting Act § 3-3 and the Board confirms that this assumption is true.

Working environment

The Board considers the company's working environment to be good. There has not been initiated any actions related to improving the working environment. Employees have not been subject to accidents or injuries with the execution of their work during the year. Sick leave has accounted for 66 man-days equivalent to 1.25 % of the total working hours of the year. Work related sick leave accounted for 0 man-days equivalent to 0 % of the total working hours of the year.

Employees and equal rights

As at 31.12.2018 the company had 24 employees, of which 3 women. The board has 5 members, all male. It is the company's policy to treat all employees equally, regardless of sex or ethnic origin. Based on an overall evaluation, the board has not found it necessary to initiate special measures regarding equal rights.

The external environment

Like any organization operating worldwide, the company faces major challenges when it comes to the environment. Regional authorities and international bodies are introducing new requirements, a trend which is expected to continue. OCTIO AS has a proactive approach to new environmental requirements, both nationally and internationally. The company has a policy of zero emission of polluting substances into the sea, and no such incidents were reported in 2018.

Outlook

The Board regards the outlook for OCTIO's market segment to be positive on a medium to long term basis.



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To the General Meeting of OCTIO AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OCTIO AS showing a loss of NOK 17 588 841. The financial statements comprise the balance sheet as at 31 December 2018, 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 accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2018, 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on 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 the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including 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. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

Cislo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandnessjøen	Tromsheim
Bodo	Kragerø	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund



OCTIO AS

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 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 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 laws, regulations, and auditing standards and practices generally accepted 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. We 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 the Board of Directors 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 produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, 25 June 2019

KPMG AS

Anfinn Fardal

State Authorised Public Accountant