



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2017 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 993 277 983
Organisasjonsform: Aksjeselskap
Foretaksnavn: NAXYS AS
Forretningsadresse: Hegrenesveien 42
5042 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2017 - 31.12.2017

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: Martin Nygaard
Dato for fastsettelse av årsregnskapet: 05.07.2018

Grunnlag for avgivelse

År 2017: Årsregnskapet er elektronisk innlevert
År 2016: Tall er hentet fra elektronisk innlevert årsregnskap fra 2017

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

Brønnøysundregistrene, 01.11.2020



Resultatregnskap

| Beløp i: NOK | Note | 2017 | 2016 |
|---|------|--------------------|--------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Sales revenues | 13 | 14 981 489 | 46 362 336 |
| Other operating revenues | | | 12 863 |
| Sum inntekter | | 14 981 489 | 46 375 199 |
| Kostnader | | | |
| Cost of goods sold | | 9 842 015 | 25 750 497 |
| Payroll and related costs | 11 | 15 930 850 | 25 111 477 |
| Depreciation | 1, 2 | 3 201 409 | 3 731 316 |
| Nedskrivning av varige driftsmidler og immaterielle eiendeler | | | 1 367 842 |
| Other operating expenses | 12 | 7 934 168 | 14 413 094 |
| Sum kostnader | | 36 908 442 | 70 374 226 |
| Driftsresultat | | -21 926 953 | -23 999 027 |
| Finansinntekter og finanskostnader | | | |
| Annen renteinntekt | | 2 889 | 6 393 |
| Other financial income | | 1 844 356 | 3 051 858 |
| Sum finansinntekter | | 1 847 245 | 3 058 251 |
| Annen rentekostnad | | 360 080 | 1 154 642 |
| Other financial expenses | | 2 757 612 | 1 354 720 |
| Sum finanskostnader | | 3 117 692 | 2 509 362 |
| Netto finans | | -1 270 447 | 548 889 |
| Ordinært resultat før skattekostnad | | -23 197 400 | -23 450 138 |
| Income tax expense | 10 | -5 469 733 | -6 143 796 |
| Ordinært resultat etter skattekostnad | | -17 727 667 | -17 306 342 |
| Årsresultat | | -17 727 667 | -17 306 342 |
| Overføringer og disponeringer | | | |
| Transfer to accumulated other equity | | -17 727 667 | -17 306 342 |
| Sum overføringer og disponeringer | | -17 727 667 | -17 306 342 |



Resultatregnskap

| Beløp i: NOK | Note | 2017 | 2016 |
|---------------------|-------------|-------------|-------------|
|---------------------|-------------|-------------|-------------|



Balanse

| Beløp i: NOK | Note | 2017 | 2016 |
|--|------|-------------------|--------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Research and development | 1 | 46 636 | 68 874 |
| Utsatt skattefordel | | 6 181 219 | 711 486 |
| Sum immaterielle eiendeler | | 6 227 855 | 780 360 |
| Varige driftsmidler | | | |
| Land, buildings and other property | 2 | 1 415 377 | 2 500 716 |
| Machinery and plant etc | 2 | 8 693 487 | 11 286 083 |
| Running equipment, tools etc | 2 | 177 307 | 534 480 |
| Sum varige driftsmidler | | 10 286 171 | 14 321 279 |
| Sum anleggsmidler | | 16 514 026 | 15 101 639 |
| Omløpsmidler | | | |
| Varer | | | |
| Inventories | 9 | 981 915 | 7 990 183 |
| Sum varer | | 981 915 | 7 990 183 |
| Fordringer | | | |
| Accounts receivable | 6 | 40 872 105 | 39 713 758 |
| Other short-term receivables | 5 | 1 678 001 | 1 328 870 |
| Krav på innbetaling av selskapskapital | | 19 683 397 | 37 461 949 |
| Sum fordringer | | 62 233 503 | 78 504 577 |
| Bankinnskudd, kontanter og lignende | | | |
| Cash and cash equivalents | 7 | | 2 242 095 |
| Sum bankinnskudd, kontanter og lignende | | | 2 242 095 |
| Sum omløpsmidler | | 63 215 418 | 88 736 855 |
| SUM EIENDELER | | 79 729 444 | 103 838 494 |

BALANSE - EGENKAPITAL OG GJELD



Balanse

| Beløp i: NOK | Note | 2017 | 2016 |
|---------------------------------|-------|--------------------|--------------------|
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Share capital | 3, 4 | 462 565 | 462 565 |
| Overkurs | 3, 4 | 2 025 377 | 2 025 377 |
| Annen innskutt egenkapital | 3, 4 | 41 682 360 | 41 682 362 |
| Sum innskutt egenkapital | | 44 170 302 | 44 170 304 |
| Opptjent egenkapital | | | |
| Other equity | 3, 4 | -38 350 345 | -20 622 676 |
| Sum opptjent egenkapital | | -38 350 345 | -20 622 676 |
| Sum egenkapital | | 5 819 957 | 23 547 628 |
| Sum langsiktig gjeld | | 0 | 0 |
| Kortsiktig gjeld | | | |
| Leverandørgjeld | 5 | 1 240 806 | 2 219 210 |
| VAT, social security costs etc | | 1 244 993 | 2 056 411 |
| Kortsiktig konserngjeld | 5 | 65 051 778 | 66 545 509 |
| Other current liabilities | 5,6,8 | 4 019 675 | 5 794 138 |
| Guarantees | 8 | 2 352 235 | 2 904 664 |
| Work in progress | 6 | | 770 934 |
| Sum kortsiktig gjeld | | 73 909 487 | 80 290 866 |
| Sum gjeld | | 73 909 487 | 80 290 866 |
| SUM EGENKAPITAL OG GJELD | | 79 729 444 | 103 838 494 |



The Board of Directors report 2017 for NAXYS AS (reg no 993 277 983)

Operations and location

Naxys AS was established in 2008 and has its main activities within acoustic monitoring of subsea installations, delivery of products and services related to acoustic monitoring, and other activities related to monitoring of subsea equipment and installations. The company mainly operates in the oil & gas industry.

The company's business address is in Bergen, Norway, and it is run from leased facilities. Naxys is fully owned by Vetco Gray Scandinavia AS, a subsidiary of Baker Hughes – a GE Company ("BHGE"). Naxys belongs to the BHGE Measurement & Controls business area that collects large parts of BHGE's instrumentation products.

The company has in 2017 started to transfer its non core business related to subsea hoses and connection boxes to a BHGE company in Ireland. This enables Naxys to focus on the core offering related to leak detection and condition offerings. The transfer is planned to be concluded in 2018.

The subsea oil and gas industry is still in a downturn due to lower commodity prices. The company still expects the market to be challenging going forward, but believe the situation will improve, however not back to the historical high levels. 2018 activity level is estimated a same level as 2017. The company sees an increase in the level of subsea projects being awarded, but do not expect the full effect of this to come before 2019.

Naxys continued in 2017 to expand the product portfolio. In order to save costs Naxys customers are now asking for more standardized products. To meet this situation Naxys has over the last years moved from selling customized offerings with long lead times (over 1 year from book to ship) to standardized products with shorter lead times (6-12 months). The main product meeting this demand will be the new A5 sensor product. The A5 development started in 2017 and a major order was booked in Q4-17. Naxys believes this product will significantly strengthen the future market position.

A limited number of employees left the business as a continuation of the alignment the organization to the new market conditions and reduced activity level. Key competencies and capacities are maintained in order to secure the strong market position going forward.

Going concern

In accordance with the Accounting Act § 3-3, we confirm that the financial statements have been prepared under the assumption of going concern.

Annual Accounts

It is the Board of Directors view that the financial statements provide a correct view of the operations and year end status.

The company experienced revenue decline from 2016 to 2017 (from 46,3 MNOK to 15,0 MNOK), and the financial statements show a loss after tax of 17,7 MNOK for 2017. As per 31.12.2017 the equity was 5.8 MNOK and total liabilities was 74 MNOK of which 65 MNOK was liabilities to BHGE companies. Naxys has access to funding and working capital through the BHGE ownership.

Naxys expensed 5,7 MNOK in research and development costs for 2017 to improve the product portfolio of the company, mainly related to the new A5 sensor. This has partly been funded by the Skattefunn arrangement. The development will continue in 2018.

Naxys is 100% owned by BHGE. The ownership is expected to continue to strengthen the industrial and financial future position of the company.

Continued operation

The Board of Directors does not know of any circumstances that have occurred after the end of the financial year that are of appreciable importance in the evaluation of the accounts.



Financial risk

Naxys is part of BHGE processes for managing financial risk.

Credit risk: The company has sales to leading players in the industry and the credit risk (settlement of account receivables) is considered low. Customers and suppliers must go through credit check prior to entering contracts

Foreign exchange risk: Most of the revenue is in NOK. For costs in foreign currency hedging is done in cooperation with BHGE Treasury.

Liquidity risk: Naxys is part of BHGE cash pool arrangement and access to capital is considered solid.

Environment, health and safety

Safety assessments are conducted in all processes and focus on safety has spread safety culture at all levels of the organization. Naxys AS had no recordable injuries. Preventive measures such as safety inspections, training in HSE and escape drills are done as a part of the HSE work.

BHGE and Naxys AS places great emphasis on its ethics and compliance program, the GE “Spirit and the Letter” establishes the policies and standards that all GE employees must commit to follow: it identifies key areas of risk for employees and for the company and reminds all our employees of the importance of doing things the right way – with integrity.

The company’s ambition is to exercise full gender equality and has incorporated a policy aiming to avoid any discrimination.

The working environment is considered to be good. The company had an average of 18.8 employees in 2017, and 17 by the end of the year. Out of these 17, there was 1 woman. The Board of Directors consists of 3 men.

Total absence due to disease was in 2017 of 5.7%, and adjusted for long term sickness it was 0.9%. No personnel injuries occurred in 2017.

With regards to the environment, there has not been reported any violations of the limits for pollution to air, water or other parts of the environment. No fines for violations has been paid.



Bergen, June 29, 2018

Diarmaid P. Mulholland
Chairman

Graham M. Dawber
Board member

Johan J. Daniels
Board member

Jens Abrahamsen (Daglig leder)
General manager



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.

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 Management 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.



Auditor's Report - 2017
Naxys AS

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

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

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to 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.

Oslo, 30 June 2018
KPMG AS

Gunnar Sotnakk
State Authorised Public Accountant



Naxys AS

Financial statements 2017

Profit and Loss Account

| | Note | 2017 | 2016 |
|--|------|--------------------|--------------------|
| Revenues | 13 | 14 981 489 | 46 362 336 |
| Other operating income | | 0 | 12 863 |
| Total operating income | | 14 981 489 | 46 375 199 |
| Cost of goods sold | | 9 842 015 | 25 750 497 |
| Payroll expenses | 11 | 15 930 850 | 25 111 478 |
| Depreciations | 1, 2 | 3 201 409 | 3 731 316 |
| Writedowns | 1 | 0 | 1 367 842 |
| Other operating expenses | 12 | 7 934 169 | 14 413 093 |
| Total operating expenses | | 36 908 442 | 70 374 226 |
| Operating result | | -21 926 953 | -23 999 027 |
| Interest received from group companies | | 0 | 0 |
| Other interest income | | 2 889 | 6 393 |
| Other financial income | | 1 844 356 | 3 051 858 |
| Other interest expenses | | 360 080 | 1 154 642 |
| Other financial expenses | | 2 757 612 | 1 354 720 |
| Net finance items | | -1 270 447 | 548 889 |
| Profit/(Loss) before tax | | -23 197 400 | -23 450 137 |
| Tax | 10 | -5 469 733 | -6 143 796 |
| Net Profit/(Loss) for the year | | -17 727 667 | -17 306 341 |
| Distributions | | | |
| Retained earnings | | -17 727 667 | -17 306 341 |
| Total distributed | | -17 727 667 | -17 306 341 |



Naxys AS

Financial statements 2017

Balance sheet

| | Note | 31.12.2017 | 31.12.2016 |
|--------------------------------------|------|-------------------|--------------------|
| Assets | | | |
| Fixed assets | | | |
| Intangible assets | | | |
| Research and development | 1 | 46 636 | 68 874 |
| Deferred tax asset | 10 | 6 181 219 | 711 486 |
| Total intangible fixed assets | | 6 227 855 | 780 360 |
| Tangible fixed assets | | | |
| Land, buildings and other property | 2 | 1 415 377 | 2 500 716 |
| Machinery and constructions | 2 | 8 693 488 | 11 286 084 |
| Fixtures, fittings and tools | 2 | 177 307 | 534 480 |
| Total tangible fixed assets | | 10 286 171 | 14 321 279 |
| Total fixed assets | | 16 514 026 | 15 101 639 |
| Current assets | | | |
| Inventories | 9 | 981 915 | 7 990 183 |
| Total inventories | | 981 915 | 7 990 182 |
| Receivables | | | |
| Trade receivables | 5 | 40 872 105 | 39 713 758 |
| Work in progress | 6 | 19 683 397 | 37 461 949 |
| Other receivables | 5 | 1 678 001 | 1 328 870 |
| Total receivables | | 62 233 502 | 78 504 577 |
| Cash and cash equivalents | 7 | 0 | 2 242 095 |
| Total current assets | | 63 215 418 | 88 736 855 |
| Total assets | | 79 729 444 | 103 838 494 |



Naxys AS

Financial statements 2017

Balance sheet

| | Note | 31.12.2017 | 31.12.2016 |
|-------------------------------------|------|--------------------|--------------------|
| Equity and liabilities | | | |
| Paid in equity | | | |
| Share capital | 3, 4 | 462 565 | 462 565 |
| Share premium | 3, 4 | 2 025 377 | 2 025 377 |
| Other paid in equity | 3, 4 | 41 682 360 | 41 682 360 |
| Total paid in equity | | 44 170 302 | 44 170 302 |
| Retained earnings | | | |
| Retained earnings | 3, 4 | -38 350 345 | -20 622 677 |
| Total retained earnings | | -38 350 345 | -20 622 677 |
| Total equity | | 5 819 958 | 23 547 625 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade payables | 5 | 1 240 805 | 2 219 210 |
| Public duties payables | | 1 244 994 | 2 056 412 |
| Guarantees | 8 | 2 352 235 | 2 904 664 |
| Work in progress | 6 | 0 | 770 934 |
| Liabilities to group companies | 5 | 65 051 778 | 66 545 509 |
| Other current liabilities | | 4 019 674 | 5 794 140 |
| Total current liabilities | | 73 909 486 | 80 290 869 |
| Total liabilities | | 73 909 486 | 80 290 869 |
| Total equity and liabilities | | 79 729 444 | 103 838 494 |

Bergen, 29th June 2018

Diarmaid Patrick Molholland
Chairman of the board

Graham Michael Dawber
Board member

Rohan James Daniels
Board member

Jens Abrahamsen
Managing director



Naxys AS

Notes to the statutory financial statements 2017

Accounting principles

The annual accounts have been set up according to the Norwegian Accounting Act and best accounting principles for small businesses. All numbers are given in whole kroner (NOK) unless stated otherwise.

Use of estimates

Preparation of accounting information requires the company management to use estimates and assumptions affecting the value of assets, liabilities and note information. Such estimates and assumptions may have a significant impact on the reported revenues and costs for a given period. The actual values may vary from the estimates. Probable and quantifiable contingent losses are booked as occurred.

Main rule for assessment and classification of assets and liabilities

Current assets and liabilities includes records due for payment within a year after the acquisition date, as well as records related to cost of goods. Other records are classified as fixed assets/long term liabilities. Current assets are assessed to the lower of cost at acquisition and real value. Current liabilities are recorded at nominal value at time of acquisition.

Fixed assets are assessed at cost of acquisition, but are written down to real value when the decrease in value is considered not to be temporary. Long term liabilities is recorded at nominal value at time of entering in to the agreement.

Non-current assets

Non-current assets are booked to the balance sheet and depreciated over the expected life time of the asset. Direct maintenance of assets are booked as cost under operating expenses, while improvements are added to the asset and depreciated to the value of accordingly.

Leased assets are booked to the balance sheet as an asset if the lease contract is considered to be financial. If the lease contract is considered to be operational, the costs are expensed.

Costs for research and development, including public grants

Costs related to research and development, net after received public grants, are booked as occurred when there is no grounds for recording it on the balance sheet as an intangible asset. For tax purposes, the costs are being capitalized and amortized.

Receivables

Receivables are recorded on the balance sheet at par value net of accruing for expected losses. Receivables are being made based on individual assessments of the receivables.

Work In Progress

Costs related to construction contracts are booked as occurred. If the result of a construction contract can not be reliably measured, the revenue related to the construction contract is set equal to the cost if the costs are reimbursable according to the contract. If the profits of the construction contract can be reliably measured, the revenue and costs are booked in the contract period. If it is probable that the costs in a specific construction contract is going to exceed the revenue on the contract, the expected loss is immediately expensed.

The company uses percentage of completion to calculate revenues for a given period. The completion percentage is estimated discretionary by assessing if the delivery is on schedule, by an assessment of occurred cost of goods, payroll cost and estimated project period.



Naxys AS

Notes to the statutory financial statements 2017

Occured cost and revenues for all construction contracts in progress, where occurred costs and recorded recorded losses) exceed value invoiced to customers, is recorded as an asset. Invoiced values not paid or profits (net of withheld from customer is included in Trade receivables. For construction contracts in occurred cost and recorded profits net of loss, this is recorded as pre payment from customer under Work in progress where invoiced values exceed progress.

Cash and deposits

Cash and deposits includes cash, bank deposits and other means of payment with original due date three months or less from the acquisition date. The company participates in the GE cash pool arrangement and can draw on this for cash needs.

Warranties

The company accrues for warranty in projects based on best estimate at completed contracts, based on the contractual value.

Currency

Cash and bank deposits, current assets and current liabilities in foreign currency is calculated based on the currency rate on the actual balance date. Realised and non-realised currency gains and losses related to assets and liabilities in other currency than NOK is booked as occurred.

Taxes

Deferred tax / deferred tax asset is calculated based on temporary differences between accounting and tax values, and losses carried forward at the end of the fiscal year. Tax reducing temporary differences and losses carried forward are netted against tax increasing differences to be reversed in the same period. Tax cost consists of payable tax (of the current year sales) and changes in net deferred tax.

Pensions

The company has a defined contribution pension scheme for its employees. The cost is booked as occurred.



Naxys AS

Notes to the statutory financial statements 2017

Note 1 - Intangible assets

| | Research and development | Total |
|--|--------------------------|---------------|
| Acquisition cost as of 1.1. | 8 514 175 | 8 514 175 |
| Disposals | 0 | 0 |
| Acquisition cost as of 31.12. | 8 514 175 | 8 514 175 |
| Accumulated amortisations as of 1.1. | 8 445 300 | 8 445 300 |
| Accumulated amortisations disposals | 0 | 0 |
| This years amortisation and write-down | 22 238 | 22 238 |
| Accumulated amortisation as of 31.12. | 8 467 538 | 8 467 538 |
| Book value as of 31.12. | 46 636 | 46 636 |

Amortisation schedule 0 - 10 %

Note 2 - Fixed assets

| | Land, buildings and other property | Machinery and constructions | Fixtures, fittings and tools | Total |
|--|------------------------------------|-----------------------------|------------------------------|-------------------|
| Acquisition cost as of 1.1. | 7 470 511 | 19 036 935 | 3 930 652 | 30 438 098 |
| Disposals | 0 | -1 302 825 | -622 112 | -1 924 937 |
| Acquisition cost as of 31.12. | 7 470 511 | 17 734 110 | 3 308 540 | 28 513 162 |
| Accumulated depreciations as of 1.1. | 4 969 796 | 7 750 851 | 3 396 172 | 16 116 820 |
| Accumulated depreciation disposals | 0 | -606 177 | -462 823 | -1 069 000 |
| This years depreciation and write-down | 1 085 339 | 1 895 948 | 197 883 | 3 179 171 |
| Accumulated depreciation as of 31.12. | 6 055 135 | 9 040 623 | 3 131 232 | 18 226 990 |
| Book value as of 31.12. | 1 415 376 | 8 693 488 | 177 308 | 10 286 171 |

Depreciation schedule 20 - 33 % 10 - 33 % 20 - 33 %

Note 3 - Equity

| | Share Capital | Share Premium | Other paid in equity | Retained Earnings | Total |
|----------------------|----------------|------------------|----------------------|--------------------|------------------|
| Equity 1.1. | 462 565 | 2 025 377 | 41 682 360 | -20 622 677 | 23 547 625 |
| Current year result | | | | -17 727 667 | -17 727 667 |
| Group contribution | | | | 0 | 0 |
| Equity 31.12. | 462 565 | 2 025 377 | 41 682 360 | -38 350 345 | 5 819 958 |

Note 4 - Stocks, stockholders etc.

| Share capital | Number | Par value | Book value |
|---------------------------|--------------------|--------------|---------------------|
| A-stock | 462 565 | 1 | 462 565 |
| | Total stock | Share | Voting share |
| Vetco Gray Scandinavia AS | 462 565 | 100 % | 100 % |



Naxys AS

Notes to the statutory financial statements 2017

Note 5 - Receivables and payables

| | 2017 | 2016 |
|----------------------------------|------------|------------|
| Intercompany trade receivables | 55 391 747 | 38 991 138 |
| Intercompany cash pool liability | 32 402 683 | 33 851 953 |
| Group contribution liability | 32 693 556 | 32 693 556 |

Intercompany trade receivables have been reclassified from other receivables to trade receivables. The corresponding figures have been accordingly reclassified. The company does not have receivables due more than one year later than the balance sheet date.

Trade payables includes NOK 31 721 to group companies. Group contribution liability is to Presens and Vetco Gray AS. The company does not have payables due more than five years after the balance date.

Note 6 - Trade receivables and work in progress

| | 2017 | 2016 |
|---------------------------------------|-------------|-------------|
| Invoiced revenues | -45 480 047 | -59 315 239 |
| Costs booked | 61 385 277 | 71 047 173 |
| Accrued profit | 3 778 166 | 24 959 081 |
| Balance sheet value 31.12. | 19 683 397 | 36 691 015 |
| Of which due from customers (asset) | 19 683 397 | 37 461 949 |
| Of which due to customers (liability) | 0 | -770 935 |
| Balance sheet value 31.12. | 19 683 397 | 36 691 014 |

In the receivable balance of NOK 19 683 397, it is included NOK 15 367 749 as intercompany receivables (2016: NOK 16 561 601).

Work performed on construction contracts where value exceeds invoicing to customers, is booked as an asset on the balance sheet. Where invoiced value exceeds value of work performed, this is booked as current liability.

Note 7 - Restricted funds

The company has a withheld tax bank guarantee to replace withheld tax cash account.

Note 8 - Guarantees

| | 2017 | 2016 |
|----------------------|-----------|-----------|
| Accrual for warranty | 2 352 235 | 2 904 664 |

Note 9 - Inventories

| | 2017 | 2016 |
|-----------|---------|-----------|
| Inventory | 981 915 | 7 990 183 |

Inventory consists of raw material and is assessed at fair value. The reduction in inventories from 2016 to 2017 can be explained by the ongoing transfer of work activities and the decision to move production from Norway to Ireland. This has led to selling of large parts of the inventory to GE Sensing EMEA in Ireland. Due to the decline in the oil & gas industry, the company has also restructured its product portfolio, and inventory related to discontinued products has been removed or obsoleted.



Naxys AS

Notes to the statutory financial statements 2017

Note 10 - Tax

| Other tax expense consists of: | 2017 | 2016 |
|--|-------------------|-------------------|
| Payable tax on current year result | 0 | 8 170 590 |
| Change in deferred tax/deferred tax advantage | -5 738 482 | -14 344 031 |
| Change in deferred tax/deferred tax advantage - change in rate | 268 749 | 29 645 |
| Total tax cost | -5 469 733 | -6 143 796 |

| Calculation of current year basis for tax: | 2017 | 2016 |
|---|--------------------|-------------------|
| Profit/(loss) before tax | -23 197 400 | -23 450 137 |
| Permanent differences | 15 510 | -4 657 |
| Research and Development (SkatteFUNN) | -728 450 | -1 238 966 |
| Change in temporary differences | -5 660 459 | 57 376 124 |
| Total taxable income current year result | -29 570 799 | 32 682 363 |
| Group contribution received/ paid | 0 | -32 682 363 |
| Utilisation of losses carried forward | 0 | 0 |
| Basis for payable tax | -29 570 799 | 0 |

| | | |
|---|----------|----------|
| Payable tax on the balance sheet | 0 | 0 |
|---|----------|----------|

Explanation to why current year tax cost does not consist of 24 % (25 %) of profit before tax:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| 24 % (25%) tax on profit/(loss) before tax | -5 567 376 | -5 862 534 |
| 24 % (25%) tax on permanent differences | 3 722 | -1 164 |
| 24% (25%) tax on R&D | -174 828 | -309 742 |
| Change in future tax rate | 268 749 | 29 645 |
| Calculated tax cost | -5 469 733 | -6 143 796 |

| Deferred tax relates to: | Change | 2017 | 2016 |
|------------------------------------|--------------------|--------------------|-------------------|
| Fixed assets | -475 098 | 2 558 497 | 3 033 595 |
| Construction contracts | 2 975 358 | 3 195 724 | 220 366 |
| Inventory | -472 733 | -576 671 | -103 938 |
| Accruals | 2 735 164 | -3 379 383 | -6 114 547 |
| Financial instruments | 897 769 | 897 769 | 0 |
| Losses carried forward | -29 570 799 | -29 570 799 | 0 |
| Total temporary differences | -23 910 339 | -26 874 863 | -2 964 524 |

| | | | |
|--|------------------|-------------------|-----------------|
| Total deferred tax asset/deferred tax | 5 469 733 | -6 181 219 | -711 486 |
|--|------------------|-------------------|-----------------|

According to accounting principles, temporary differences are netted if they have approximately the same timing for reversal. In case of different timing, deferred tax is grossed.



Naxys AS

Notes to the statutory financial statements 2017

Note 11 - Payroll expenses and remuneration to general manager

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Salaries | 13 173 279 | 19 666 618 |
| Employers' national insurance contribution | 1 671 082 | 3 574 781 |
| Pension costs | 774 845 | 1 175 683 |
| Other payroll related benefits | 311 645 | 694 396 |
| Total | 15 930 850 | 25 111 478 |

Average number of employees 18,8 27,0

The company has a defined contribution pension plan. The pension costs above relates to this arrangement. The company pension arrangement fulfills the requirements in the mandatory occupational pensions act.

Restructuring expenses have been accrued for by 1 027 148 (2016: 3 209 883).

Remuneration for general manager

| | 2017 | 2016 |
|------------------|-----------|-----------|
| Salary | 1 452 634 | 1 557 009 |
| Pension expenses | 101 370 | 99 090 |
| Other benefits | 11 340 | 14 977 |

The general manager has an agreement of six months pay if the company terminates his employment. The board members do not receive any payments for their position on the Naxys board.

Note 12 - Other operating expenses and remuneration for auditor

Other operating expenses

| | 2017 | 2016 |
|---------------------------------------|------------------|-------------------|
| Leased facilities | 2 315 384 | 2 203 040 |
| Services/contractors | 3 868 253 | 3 323 655 |
| Assessments (corporate services) | -370 314 | 4 026 185 |
| Other operating costs | 2 120 846 | 4 860 212 |
| Total other operating expenses | 7 934 169 | 14 413 093 |

Auditor

Audit fees are booked as part of services. The audit fee consists of (amounts without VAT):

| | | |
|-------------------------|----------------|----------------|
| - statutory audit | 199 000 | 180 346 |
| Total audit fees | 199 000 | 180 346 |

Note 13 - Geographical income split

| | 2017 | 2016 |
|---------------------|-------------------|-------------------|
| Norway | 9 814 722 | 8 844 761 |
| Brazil | -606 873 | 14 872 440 |
| UK/Ireland | 4 511 277 | 3 937 979 |
| Canada/US | 1 142 629 | 17 072 823 |
| Others | 119 733 | 1 647 197 |
| Total income | 14 981 489 | 46 375 199 |



Skattedirektoratet

Saksbehandler
Rune Tystad

Deres dato
29.09.2016

Vår dato
11.11.2016

Telefon
977 59 464

Deres referanse
Geir Atle Carlsen

Vår referanse
2016/996601

GENERAL ELECTRIC INTERNATIONAL INC filial av
utenlandsk foretak
Postboks 4766 Nydalen
0421 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for selskaper i General Electric-gruppen

Vi viser til deres brev av 29. september 2016 der dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

| | |
|---|---------------------|
| GE Healthcare AS, | org.nr. 914 829 674 |
| GE Healthcare Holding AS, | org.nr. 987 015 225 |
| Amersham Health Norge AS, | org.nr. 979 306 946 |
| GE Healthcare Holding Norge AS, | org.nr. 988 963 755 |
| GEFH AS, | org.nr. 990 400 156 |
| GE Healthcare Clinical Systems Norway AS, | org.nr. 988 963 690 |
| GE Healthcare Norge AS, | org.nr. 926 293 621 |
| GE Vingmed Ultrasound AS, | org.nr. 938 937 583 |
| GE Healthcare Europe GmbH - Branch Norway, | org.nr. 968 146 092 |
| GE Capital AS, | org.nr. 987 058 765 |
| GECAS Aircraft Leasing Norway AS, | org.nr. 985 551 685 |
| GECAS EX-IM Leasing Norway AS, | org.nr. 894 570 652 |
| GE Lighting AS, | org.nr. 910 904 396 |
| Nuovo Pignone SPA NUF, | org.nr. 974 230 666 |
| Vetco Gray Scandinavia AS, | org.nr. 990 441 545 |
| Vetco Gray AS, | org.nr. 913 147 758 |
| Presens AS, | org.nr. 976 876 385 |
| Naxys AS, | org.nr. 993 277 983 |
| Advantec AS, | org.nr. 887 471 282 |
| NTOS Holding AS, | org.nr. 912 101 231 |
| NTOS AS, | org.nr. 983 923 518 |
| PII Ltd Norway Branch, | org.nr. 980 716 856 |
| Thermodyn SAS Norway branch, | org.nr. 982 455 626 |
| GE Energy (Norway) AS, | org.nr. 980 862 860 |
| GE Wind Energy (Norway) AS, | org.nr. 881 520 532 |
| Granite Services International Inc Norway branch, | org.nr. 985 604 908 |
| GE Power Norway AS, | org.nr. 980 402 274 |

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



| | |
|--|---------------------|
| GE Energy Connections AS, | org.nr. 937 025 440 |
| GE Renewable Norway AS, | org.nr. 889 467 592 |
| GE Energy Power Conversion France SAS Norway branch, | org.nr. 995 139 421 |
| GE Energy Power Conversion Norway AS, | org.nr. 996 326 020 |
| GE Energy Power Conversion UK Ltd Norway branch, | org.nr. 813 661 632 |
| GE International Inc. NUF, | org.nr. 860 192 942 |

I tillegg søker dere om dispensasjon til å kunne utarbeide alle fremtidige selskapers årsregnskap og årsberetning på engelsk.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Etter regnskapsloven § 3-4 tredje ledd kan det kun gis dispensasjon til navngitte regnskapspliktige, jf. definisjon av enkeltvedtak i forvaltningsloven § 2 første ledd bokstav b. Vi har derfor ikke hjemmel til å behandle søknaden knyttet til fremtidige selskaper. For å få dispensasjon for eventuelle fremtidige selskaper må dere søke konkret for de aktuelle selskapene.

Bakgrunn

Fra deres søknad gjengis:

General Electric Company er et børsnotert amerikansk konsern med virksomhet i mange land, herunder i Norge gjennom flere norske selskaper og filialer av utenlandske selskaper. Som et ledd i konsernets bestrebelser på å forenkle rapporteringer og informasjonsflyt, søkes det med dette om å få utarbeide årsregnskap og årsberetning på engelsk fra og med regnskapsåret 2016 for de selskaper og filialer som er spesifisert i vedlegg til denne søknaden.

De norske selskapene er lokalisert ulike steder i Norge, herunder Oslo, Sandvika, Horten, Stavanger og Bergensområdet og omfatter ulike typer bransjer. General Electric har ikke etablert en spesifikk konsernstruktur med en enkelt konsernspiss i Norge, men hvor det finnes flere delkonsern og enkeltstående selskaper avhengig av bransje.

Virksomheten er fullt ut rettet mot produksjon og salg av varer og tjenester til andre selskaper i Norge og utlandet. Det selges ikke noe direkte til forbrukere i Norge. Innenfor energi og olje/gass er General Electric aktive både på sokkelen og på land. Alle sentrale aktører og samarbeidspartnere er av internasjonal karakter, og innenfor bransjen beherskes og benyttes engelsk.



Innenfor helseområdet produseres det kontrastvæskemidler og ultralydmaskiner. Alt salg går til offentlige og private sykehus, leger og helseinstitusjoner. Det er i det alt vesentlige eksportrettet, med en liten andel salg og service i Norge, men ikke direkte mot forbrukermarkedet. Teknisk dokumentasjon, søknader om godkjenning i ulike land mv utarbeides på engelsk, og alle sentrale aktører innenfor bransjen benytter engelsk som arbeidsspråk.

Utover dette har man noen mindre virksomheter som blant annet forestår leasing av fly til utenlandske flyselskaper, salg av lysmateriell til grossister i Norge, samt utøver interne støttefunksjoner til norske og utenlandske konsernselskaper.

Selskapenes arbeidsspråk er engelsk, da man har tildels utstrakt samarbeid med andre konsernselskaper i utlandet. Dette forenkler og effektiviserer informasjonsflyt, analyser og rapporteringer, samt reduserer kostnader. Selskapene opererer i sektorer hvor engelsk er det klart dominerende språket. Morselskapets aksjonærer er utenlandske personer eller selskaper.

I flere av selskapene sitter det både norske og utenlandske styremedlemmer. Dette medfører at det i dag må utarbeides både norske og engelske versjoner av årsregnskaper og årsberetninger. Det er ressurskrevende, og kan også av og til gi opphav til tvil om oversettelse og uoverensstemmelser mellom engelsk og norsk versjon, og dermed unødvendige misforståelser.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i



proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene og filialene inngår i et utenlandsk konsern og at selskapenes arbeidsspråk er engelsk. Videre er det vektlagt at selskapene opererer i sektorer hvor engelsk er det klart dominerende språket.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer