



# Annual Report

2014

# Contents

[ 3 ]	<b>The Managing Director speaks</b>
[ 4 ]	<b>Annual Report</b>
[ 10 ]	<b>Income statement</b>
[ 11 ]	<b>Balance</b>
[ 13 ]	<b>Cash flow statement</b>
[ 14 ]	<b>Notes to consolidated financial statements</b>
[ 24 ]	<b>Auditor's report</b>

## Key figures

	2014	2013	2012
<b>HSE</b>			
Lost time injury frequency per million workhours - LTIF	1,0	0,8	0,0
Total recordable injury frequency per million workhours - TRIF	4,8	3,8	4,2
Number of critical incidents	0	0	0
<b>Financial Information</b>			
Operating income	825,7	1038,1	996,5
Results of operations	-6,9	5,8	-25,5
Result after tax	-3,5	2,8	-16,5
Total Assets	235,1	289,1	288,7
Total Equity	92,2	98,5	95,7
<b>Solidity</b>			
Own capital	39%	34%	33%
Debt ratio	1.5	1.9	2
<b>Liquidity</b>			
Liquidity ratio 1 & 2	1.5	1.4	1,3

Lost time injury frequency – LTIF (lost time injury frequency) shows the number of injuries with subsequent absence per 1 million hours.  
Total injury frequency – TRIF (total recordable injury frequency) shows the number of treatment injuries per 1 million hours.  
Critical incidents frequency per 1 million hours.

Own capital shows the own capital as % of total capital.

Debt ratio shows the relationship between total debt and own capital.

Liquidity ratio 1 shows the relationship between liquid assets and short-term debt.

Liquidity ratio 2 shows the relationship between liquid assets, excluding stock, and short-term debt.

All numbers are in MNOK.

# Chief Executive Officer - Reader

Cofely Fabricom operates in the oil & gas industry offering Frontend engineering services, Maintenance & Modification (M&M) services, EPCI Modification projects and various construction and fabrication services to our clients' on-/ offshore assets.

As commonly known, the industry was struck by the plummet in oil price - a surprise for the operators, who had already started their quest for cost cutting and change. Cofely Fabricom chose to see this as an opportunity to change the contractor approach. We have internally been restructuring the mental picture and culture of how the operations historically have been executed, in order to develop innovative solutions and be a key player for the market to rely on.

2013 and 2014 have been years where Cofely Fabricom has restructured its organization to develop its flexibility, with regards to the market fluctuations and future opportunities. The company has focused on implementing core values such as efficiency, predictability and competitiveness.

In 2013 the Company implemented a comprehensive improvement program that continued throughout 2014. The aim with this program was, and is still, to increase the cost awareness within the organization, and streamline procedures and processes. The priority has been to challenge the traditional market structures, whilst simultaneously have a solid focus on HSEQ, and client relations.

It is clear that the improvement processes that are being executed have had an impact on our performance, thus far. One example is the well connections on Gudrun platform that was done in a record speed of 4 days. At the same time, we also celebrated a record of 10 years without lost-time injury in our Workshop in Dusavik – statistics we are proud to present.

The Company is now also focusing on synergies between all the Cofely Fabricom Oil, Gas and Power entities in the UK, Belgium and the Netherlands. This is to optimize the group's expertise across borders. We believe we need to have a wider perspective of the market in order to secure sustainable improvements that can handle boosts and bursts.

Looking ahead, 2015 will be a complex year filled with market opportunities and challenges. Cofely Fabricom is confident that the organization, becoming continuously more robust and cognisant, will face the market with an open mind, strength and skills.

Your commitment is highly appreciated.

Thank you.

*Chief Executive officer, Stanley Maas*



# Annual Report 2014

## The nature and locations

Group Fabricom includes the parent company Fabricom AS and subsidiaries Fabricom PMAE AS, Fabricom Nord AS, Fabricom Vigor AS and VM Alliansen DA.

Fabricom (Company and Group) performs engineering, modification, maintenance and installation work for the oil and gas industry for both onshore and offshore plants and installations. Fabrication work is carried out at workshops in Dusavik, Stavanger. The business is managed from the group's head office in Sola Municipality and local branches in Trondheim and Orkanger.

Fabricom activity level resulted in a turnover of 826 MNOK in 2014 compared to 1038 MNOK in 2013. Fabricom (company and consolidated) produced a total of 1.170.000 hours in 2014 compared to 1.540.000 hours in 2013. Number of permanent employees has been reduced during the year as a result of the reduced activity.

## Main activities

Fabricom (company and consolidated) assumes total responsibility for design, planning, installation, fabrication and commissioning of projects both offshore and onshore, as well as early studies (FEED), engineering services and maintenance tasks for the oil and gas industry in Norway.

## Fabricom's activities:

### 1. Maintenance & Modification

The frame agreement for maintenance and modifications (M & M) of the Sleipner field (SVM) was awarded in 2010. The agreement has duration of 4 years with options to extend the agreement for two (2) periods of two (2) years. Statoil has executed the first option and extended the contract with two (2) years until 2016. Maintenance and modifications on the Gudrun platform was also included in this frame agreement during 2014.

The agreement includes studies, detailed design, fabrication and installation, and may include projects up to a limit of NOK 150 million. Work is performed in Fabricom's offices in Stavanger, Fabricom's fabrication yard in Dusavik and on the Sleipner field. The total value of work was approx NOK 220 million in 2014 compared to approximately 300 million in previous years.

In May 2012 Fabricom was awarded a contract for modification services for the Gjøa platform. This platform is operated by GDF Suez. The contract has duration of 5 years with optional extensions for two (2) periods of two (2) years. The total value of work was approx NOK 170 million for 2014. The contract value is expected to be 100-150 MNOK a year.

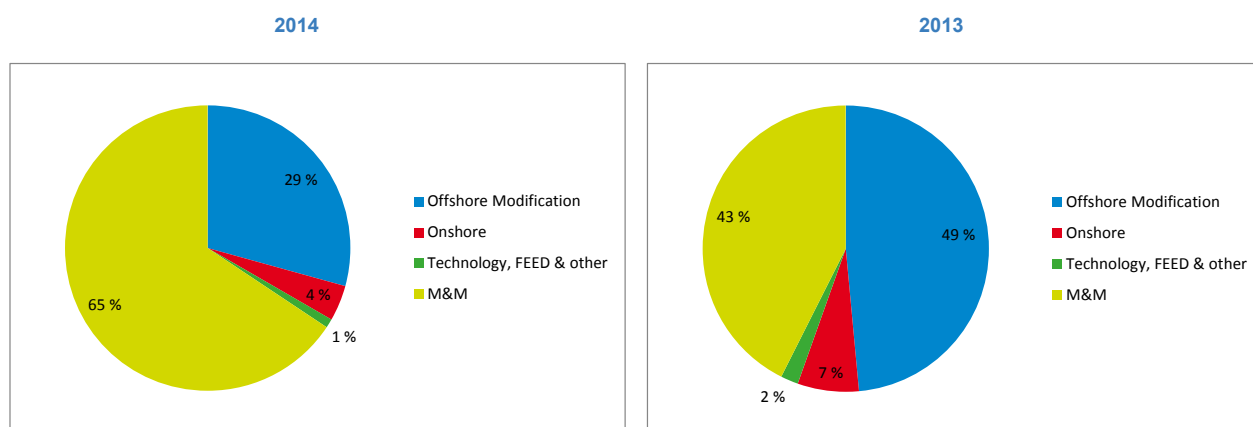


Figure 1: Activity in the business areas 2013 and 2014

In December 2012 Fabricom was awarded a contract for provision of maintenance and modification services for the Alvheim floating production, storage and offloading (FPSO) operations, operated by Det Norske (previously by Marathon Oil Norge AS). The contract is valid for four (4) years with the option to be extended by two (2) periods of one (1) year. The total value of work was approx NOK 150 million for 2014. The contract value is expected to be 100 MNOK a year.

In total Fabricom have 3 long term M&M contracts in hand which gives a solid basis for further development of the company.

## 2. Offshore Modifications

The Kvitebjørn Pre-Compression project is a co-operation with BGR with Statoil as customer. This has been a very important contract for Fabricom with contract value of more than NOK 2 billion in total. The offshore installation was completed in December 2014.

## 3. Technology, Early & Field Development

There has been relatively low activity throughout 2014. Fabricom have provided studies under the new multi-discipline study frame agreements.

### Ownership

Fabricom AS (Company and Group) is owned 100 % by the Dutch holding company Fabricom Nederland B.V. This company is a part of the Belgium Group Fabricom which in turn is owned by the French multinational industrial enterprise. GDF Suez delivers solutions globally within the areas of oil and gas production, energy distribution, and water and waste management.

The owner's aim is to support the further local development of the Fabricom business and also take advantage of synergy effects in the GDF Suez group through international co-operation and sharing of experience. The GDF Suez' total resources, competence and products are therefore available to Fabricom (company and group) to facilitate growth and development in the Norwegian market.

Fabricom (company and group) in Norway is part of the Group's international division, Fabricom Oil, Gas & Power, performing work together with:

- Fabricom Oil and Gas (Netherlands) which specializes in both on-and offshore drilling and modification work
- Fabricom Contracting Ltd. (UK) which specializes in onshore refinery and petrochemical works as well as module fabrication
- Fabricom Offshore Services LTD (FEED studies, and engineering for the oil and gas industry)
- Fabricom in Belgium which specializes in piping fabrication, prefabrication of modules and installation work
- Fabricom Netherland which specializes in providing services and maintenance to the oil and gas industry

Synergies between the companies in this division ensure transfer of international competence and experience for the benefit of our clients in the oil and gas industry both onshore and offshore.

### Going concern

Continued activity is assumed for Fabricom (Company and Group) and the financial statements for 2014 have been prepared based upon this assumption. The Board confirms that the financial statements give a true picture of properties, debts, financial position and results.

### Safety and working environment

Fabricom is an IA company (Inkluderende Arbeidsliv). The company works actively to ensure low absence due to sickness and the IA agreement is a part of this strategy.

In 2014, the goal of presence of work was 96%, and Fabricom's (company and consolidated) total presence of work in 2014 was 95,6 %, a decrease of 0,2 % from 2013. Fabricom will continue the work to create a good working environment, and continue the efforts to prevent sickness, monitoring and follow up sickness.

Fabricom (Company and Group) has a target of zero injuries to people and the environment. The frequency target for number of LTI's (Lost Working Time Injuries) follows the primary target and is therefore zero. The company's objective is to avoid injuries to personnel at all times.

Total Recordable Injury Frequency in 2014 ended at 4,78 per million hours. The type and number of reportable incident for Fabricom are the same in 2014 as in 2013; one

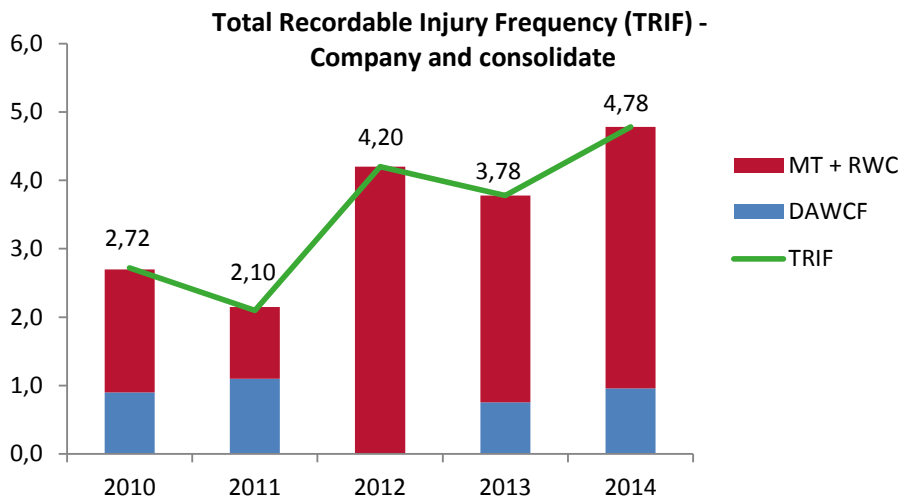


Figure 2: Frequency last 5 years

Days Away from Work Injury, one Restricted Work Case and three Medical Treatments. However, Fabricom had a drop in number of hours worked in 2014 compared to 2013, hence the TRIF has increased. Neither of the injuries were considered serious and caused no permanent damages. There have been no reportable injuries 2nd half of 2014.

Fabricom's (Company and Group) Management is aware of the potential safety risks connected to our activities. Therefore we will continue to increase our efforts to develop safe working methods, to invest in new and proper equipment and, not least, to continue to influence attitudes and behavior promoting HSE in our company culture. Fabricom is committed to achieve the next level in HSE performance through change, learning and continuous improvement.

#### Natural environment

The activities of Fabricom (Company and Group) involve only a few minor environmental pollution risks due to the nature of the work and services. However the policy of Fabricom (Company and Group) in this area is that no pollution is insignificant and we have therefore developed an external environmental control system, which is now documented, implemented, certified and followed in accordance with ISO 14001:2004

This means that Fabricom is conscious of waste handling and the use of raw materials and non-regenerative natural resources. Our environmental control system covers engineering, fabrication, installation and commissioning and enables us to undertake all phases of project execution in accordance with international environmental requirements. During the year, several external audits of the system were performed.

It has in 2014 been no serious incidents related to the external environment. The sorting rate of waste of our prefabrication in workshops was reported at 81,2% in 2014.

Fabricom (company and consolidated) has, as part of the GDF Suez Group, extensive

reporting obligations to the environment within the Group, as well as to customers and authorities. This is followed by the company that gives priority to preventive measures in all our activities to avoid the pollution of soil, air and water.

#### Gender equality

Fabricom has a personnel policy that is inclusive. This is visible in the work Equality Commission performs.

Fabricom's remuneration policy is built on the principle of equal pay for equal work and is gender neutral. The remuneration level is grounded in the current agreements between the various unions and business.

Number of women constitutes 18 % of the total employees at the end of 2014. At the end of 2014, there was two women in the company's management team. There are 8 women in senior positions with responsibility for human resources in the company, this constitutes 17%. One woman is sitting in GDF Suez (Paris) group's equality committee.

#### Life phase policy

Fabricom is an IA company and endeavors to ensure that employees in all phases of life have a good working situation and development opportunities throughout their career. Arrangements are in place to give opportunities to adapt to the individual co-workers' needs. No one in Fabricom unwillingly works part time. Part-time co-workers have had their position adapted to their needs.

#### Senior Policy

Fabricom considers the senior staff (58 years +) as particularly valuable for the company from its long experience and expertise. It is therefore important that these employees has tasks and challenges that are stimulating, so they are motivated and want to continue his career for many years, and they can now work after age 70.

As of December 31, 2014 Fabricom had about 134 employees over 58 years.

#### **Cultural, religious and ethnic arrangements**

Fabricom (company and consolidated) has a personnel policy that is inclusive for people with ethnic background other than Norwegian, and has established human resources policies to achieve this.

Fabricom has more than 100 employees with an ethnic background other than Norwegian. These represent a total of 25 different nations. Fabricom has also made use of hired labour from many nations. Integration of foreign cultures has been a positive challenge, but an informative and positive process for the company and its employees.

#### **Financial Statements**

Based on the opinion of the Board of Directors, the profit and loss account and balance sheet with notes give adequate information concerning the financial standing of Fabricom (company and group) at the year-end. After finalization of the accounts, no events have occurred that materially affect the evaluation of the Company or Group's result. Concerning allocation and price development for the products included in the Group activities, the Board does not know of any matter that affects the evaluation of the group throughout the financial statement.

Fabricom AS' financial statements for 2014 are finalized showing a loss of NOK 3.474.000 The Board of Directors propose the following application of the year's result:

*All figures in NOK '000:*

Reserves for valuation variants	- 988
Other equity	- 2 486
<b>Total</b>	<b>-3 474</b>

## **Presentation of financial statements**

2014 has been a financially very challenging year. The company was through an improvement program and turnaround throughout 2013 and started 2014 with control of the administrative costs and optimism with regards to the market prospects. During 1st half of 2014 the market prospects changed drastically which resulted in the need

to downsize the company during the autumn of 2014. This has burdened the operational result in 2014 as payroll cost for employees made redundant has been included in the financial result of 2014 for the full notice period, even though the notice period is running into 2015. The operating result has thereby turned from a profit of 5,8 million in 2013 to a loss of 6,9 million in 2014.

#### **Balance Sheet Liquidity**

Both Fabricom AS and the Group have a solid equity ratio that constitutes 38% of total assets for Fabricom AS and 39% of total assets for the Group. The liquid assets are mainly invested in short-term papers in banks. Neither the Company nor group has long-term external debt.

Cash balance in the company and the group at the end of the year reduced compared to 2013. Cash within the GDF Group cash pool has been split into a separate line in the balance sheet.

There has been limited trading of foreign currency through the year. Accounting impact has therefore been limited.

#### **Prospects**

The downturn in the Norwegian market started with the cost cut initiative from Statoil during 2014 and was further reinforced by the decline in oil price during autumn 2014. Statoil announced their Efficiency (STEP) program with targets to reduce cost of 1,3 billion USD in 2016. This resulted in a high downturn in the market and more than 10.000 employees has been made redundant as part of this process. The drop in oil price during 2014 and beginning of 2015 has resulted in a further downturn in the Norwegian market as in the world market.

However, the expectations are that the market within Oil & Gas in Norway will recover and it is expected that 50% of the production in the early 2020's will come from new installations. Fixed Platforms and Floaters will generate hook-up EPCIC projects and when installed long-term M&M service agreements. New technology, new management methods, utilization of existing infrastructure and stricter safety requirements have contributed to an extensive need for maintenance and upgrades of existing platforms and facilities in connection with the Norwegian oil and gas operations.

Fabricom (company and consolidated) has in this area for many years documented the ability to find good solutions, and execute complicated deliveries.

Maintenance and modification market is a typical Norwegian niche market. Customers in this market requires and expects of knowledge and experience from work on existing facilities and systems, geographical proximity to its own organization and flexibility. This makes maintenance and modification projects on the Norwegian continental shelf particularly suitable for Fabricom engineering and production environments.

Fabricom Norway will also actively seek to leverage this experience and expertise that the group's international businesses possess, including in technical service, cleaning / environmental engineering, gas processing, etc. in the development of its position on the Norwegian continental shelf and in the North Sea in general.

During 2013 Fabricom regained control and was organized for future growth. The downturn we have seen in the market in 2014 and beginning of 2015 is expected to be temporary.

Fabricom will continue the focus to improve processes, develop competence and increase our efficiency towards our clients in order to further improve our competitiveness and increase our performance. It is our primary goal to further strengthen Fabricom's position in the Norwegian oil and gas market such that we are considered as a preferred supplier by our customers; we secure attractive jobs for our employees and deliver satisfactory profit for our owners.


Sola, 18.03.2015




Michel Hanson  
Acting Chair of the Board




Stanley Meas  
CEO



Xavier Sinéchal  
Director

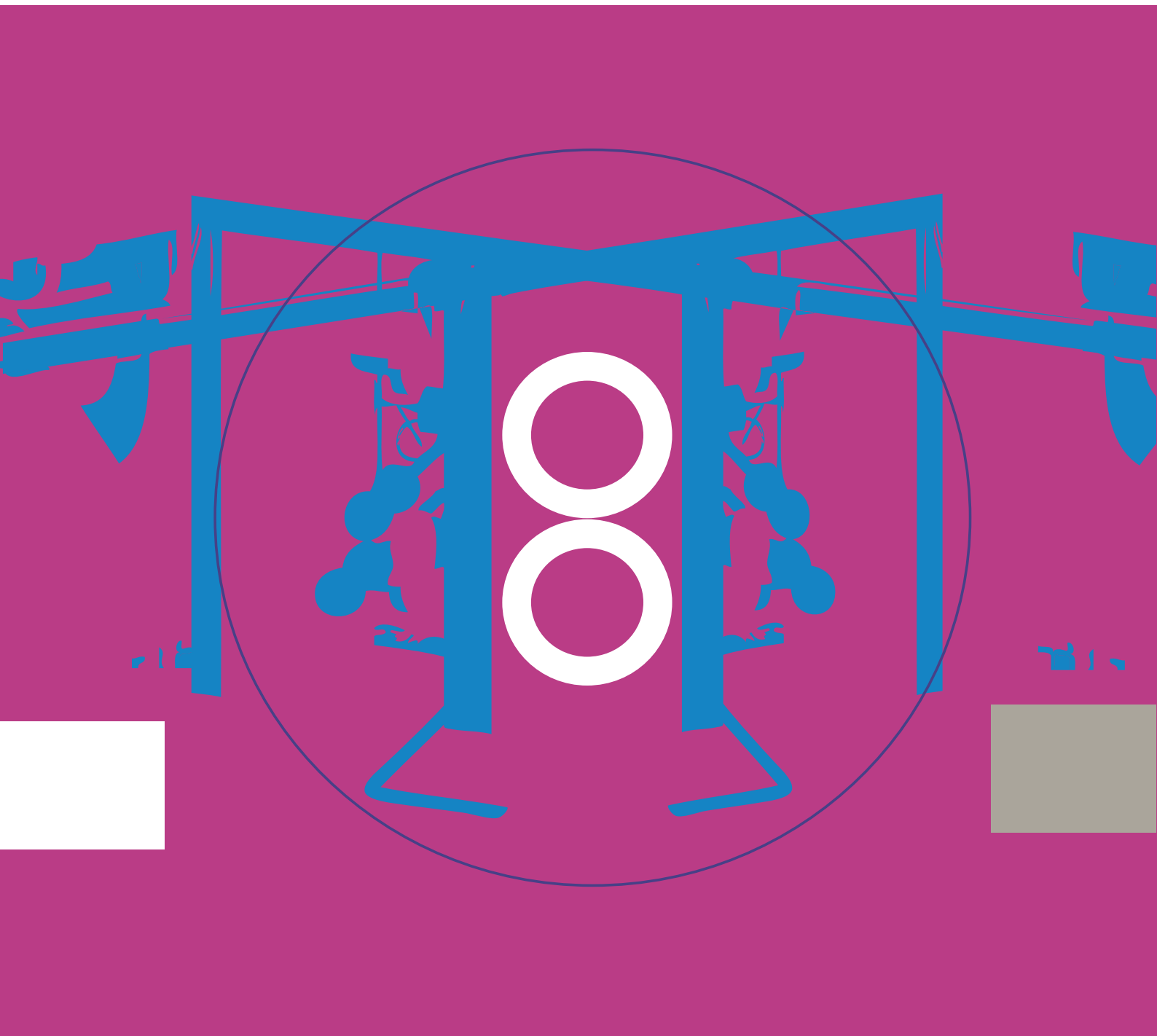


Nils Vidar Johansson  
Director



Odd Marius Lunde  
Director





# Income statement

All numbers in '000

GROUP FABRICOM NORWAY			FABRICOM AS		
2013	2014		Note	2014	2013
		Operating income and operating expenses			
1 038 146	825 737	Operating income	9	792 261	1 008 114
0	0	Result from associates	3,9	5 410	11 268
<b>1 038 146</b>	<b>825 737</b>	<b>Total operating income</b>		<b>797 671</b>	<b>1 019 382</b>
320 561	146 950	Raw materials and consumables used	13	533 250	738 406
575 483	564 398	Payroll expenses	11, 12	156 727	148 758
6 121	6 487	Depreciation of fixed assets and intangible assets	2	6 487	6 121
130 178	114 774	Other operating expenses	11, 16	109 935	124 112
<b>1 032 342</b>	<b>832 609</b>	<b>Total operating expenses</b>		<b>806 399</b>	<b>1 017 396</b>
<b>5 804</b>	<b>-6 872</b>	<b>Result of operations</b>		<b>-8 728</b>	<b>1 986</b>
		<b>Financial income and financial expenses</b>			
973	539	Other financial received		338	273
197	272	Other interest received		272	190
399	176	Other interest expenses		168	399
<b>384</b>	<b>439</b>	<b>Other financial expenses</b>	10	<b>411</b>	<b>364</b>
<b>388</b>	<b>196</b>	<b>Result of financial income and expenses</b>		<b>31</b>	<b>-298</b>
<b>6 192</b>	<b>-6 676</b>	<b>Operating result before tax</b>		<b>-8 698</b>	<b>1 688</b>
-3 435	3 203	Tax on ordinary result	8	5 223	1 070
<b>2 758</b>	<b>-3 474</b>	<b>Operating result</b>		<b>-3 474</b>	<b>2 758</b>
<b>2 758</b>	<b>-3 474</b>	<b>Result for the year</b>		<b>-3 474</b>	<b>2 758</b>
		<b>Transfers:</b>			
		Reserve for valuation variants	6	-988	-28 867
		Other equity	6	-2 486	31 625
		<b>Total transfers</b>		<b>-3 474</b>	<b>2 758</b>

# Balance sheet

All numbers in '000

GROUP FABRICOM NORWAY		FABRICOM AS	
2013	2014	2014	2013
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
7 991	11 195	Deferred tax assets 8	10 461 7 876
<b>7 991</b>	<b>11 195</b>	<b>Total intangible assets</b>	<b>10 461 7 876</b>
<b>Tangible fixed assets</b>			
426	1 203	Land, buildings and other property 2	1 203 426
17 825	14 996	Fixtures and fittings, tools, office machinery etc. 2	14 996 17 825
<b>18 251</b>	<b>16 198</b>	<b>Total tangible assets</b>	<b>16 198 18 251</b>
<b>Financial fixed assets</b>			
872	0	Investment in subsidiaries 3	18 475 24 697
<b>872</b>	<b>0</b>	<b>Total financial fixed assets</b>	<b>18 475 24 697</b>
<b>27 114</b>	<b>27 394</b>	<b>Total assets</b>	<b>45 135 50 825</b>
<b>Current assets</b>			
<b>Debtors</b>			
79 141	64 760	Trade debtors 4,14	63 846 66 972
0	0	Group contribution 4	13 274 8 852
120 090	94 095	Other debtors 4	90 851 126 536
<b>199 231</b>	<b>158 855</b>	<b>Total debtors</b>	<b>167 971 202 359</b>
281	25 745	Debt within the group 5	25 745 281
62 483	23 144	Bank deposits, cash in hand etc. 5	3 979 25 664
<b>62 764</b>	<b>48 889</b>	<b>Total Cash and cash equivalents</b>	<b>29 724 25 945</b>
<b>261 995</b>	<b>207 744</b>	<b>Total current assets</b>	<b>197 695 228 304</b>
<b>289 110</b>	<b>235 138</b>	<b>TOTAL ASSETS</b>	<b>242 829 279 129</b>

# Balance sheet

All numbers in '000

## GROUP FABRICOM NORWAY

## FABRICOM AS

2013	2014	Note	2014	2013
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Paid in-capital</b>				
20 000	20 000	6,7	20 000	20 000
<b>20 000</b>	<b>20 000</b>		<b>20 000</b>	<b>20 000</b>
<b>Retained earnings</b>				
0	0	6	-23	965
78 490	72 257	6	72 174	77 419
<b>78 490</b>	<b>72 257</b>		<b>72 151</b>	<b>78 384</b>
<b>98 490</b>	<b>92 257</b>		<b>92 151</b>	<b>98 384</b>
<b>Liabilities</b>				
<b>Provisions for liabilities</b>				
1 440	280	12	151	656
<b>1 440</b>	<b>280</b>		<b>151</b>	<b>656</b>
<b>Current liabilities</b>				
49 104	17 194	4	74 115	112 757
61 902	51 717		24 869	29 341
0	0	4	17 494	10 000
78 172	73 690	4,15	34 049	27 991
<b>189 179</b>	<b>142 601</b>		<b>150 527</b>	<b>180 089</b>
<b>190 619</b>	<b>142 881</b>		<b>150 678</b>	<b>180 745</b>
<b>289 110</b>	<b>235 138</b>		<b>242 829</b>	<b>279 129</b>

Sola 18.03.2015



Michel Hanson  
Acting Chairman of the Board

Stanley Maas  
CEO

Nils Vidar Johansen



Xavier Sinéchal

Odd Marius Lunde

# Cash flow statement

All numbers in '000

GROUP FABRICOM NORWAY			FABRICOM AS	
2013	2014	Note	2014	2013
<b>Cash flow from operating activities</b>				
6 192	-6 676		-8 698	1 688
-1 263	0		0	-205
-7 409	-3		-3	-7 409
6 121	6 487		6 487	6 121
20 378	14 381	2	3 126	27 417
-13 405	-34 668		-38 643	602
26 805	13 797		48 702	2 849
<b>37 419</b>	<b>-6 682</b>		<b>10 971</b>	<b>31 063</b>
<b>Cash flow from investing activities</b>				
1 025	0		0	1 025
-16 966	-4 435	2	-4 435	-16 966
<b>-15 941</b>	<b>-4 435</b>		<b>-4 435</b>	<b>-15 941</b>
<b>Cash flow from financing activities</b>				
0	-2 758		-2 758	0
<b>-0</b>	<b>-2 758</b>		<b>-2 758</b>	<b>-0</b>
<b>21 478</b>	<b>-13 875</b>		<b>3 779</b>	<b>15 122</b>
<b>41 286</b>	<b>62 764</b>		<b>25 945</b>	<b>10 823</b>
<b>62 764</b>	<b>48 889</b>	5	<b>29 724</b>	<b>25 945</b>
281	25 745		25 745	281
62 483	23 144		3 979	25 664
<b>62 764</b>	<b>48 889</b>		<b>29 724</b>	<b>25 945</b>

# Notes to consolidated financial statements

## NOTE 1

## ACCOUNTING PRINCIPLES

The accounts for Fabricom AS and the consolidated Group accounts are prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting practices. Accounting principles are described below.

## Consolidation principles

The consolidated accounts include Fabricom AS and subsidiary companies in which Fabricom AS has a direct controlling influence in fact and in law. The consolidated accounts is prepared with equal accounting principles for similar transactions in all companies. The companies' internal sales and internal accounts are eliminated in the consolidated accounts.

Shares and interests in associated companies in the consolidated accounts are eliminated according to the acquisition method. This implies that assets and liabilities in the acquired company valuates to actual value at the time of acquisition, and a possible excess price clasifies as goodwill.

## Principle rules for evaluation and classification of assets and liabilities

Assets intended for permanent possession are classified as fixed assets. Other assets are classified as current assets. Outstanding claims due within one year are classified as current assets. Classification of short-term debt and long term debt are based on the same evaluation. Fixed assets are valued at acquisition cost, but are written-down to real value when the loss in value is considered to be permanent. Fixed assets with limited economic life are written-down according to plan.

A few balance sheet items are evaluated according to other principles as explained below.

## Goodwill

Capitalized goodwill in connection with the acquisition of other businesses is determined by the part of the purchase price beyond the value of individual assets at the acquisition date.

Goodwill is posted at historical cost price and is depreciated over the first five accounting years in equal amounts.

## Shares and interests in associated companies

Investments in associated companies and subsidiaries are valued according to the equity method. Investments in shares are valued at cost.

## Trade debtors and other debtors

Trade debtors and other debtors are valued at face value. In addition there is an appropriation for unsecured debtors.

## Projects / Work in progress

Projects / work in progress are valued at direct cost for materials and wages, including social cost with the addition of indirect cost based on budgeted administration cost. The company therefore allocates cost on an "as-incurred" basis. Profit are included on projects where there are reliable estimates of outcome.

Percentage of completion is based on incurred MHRS in percentage of total estimated MHRS. Profit is taken on large project when percentage of completion is above 20 %. In addition a security margin from 2 % to 5 % is calculated before any result is taken into account.

Any losses are taken into account as soon as they are identified. The net value of work in progress/advance invoicing of production is posted in the balance sheet by deducting advance payments from customers from the project value. Work on account is valued at sales value at 31.12.

## Taxes

Tax cost is placed together with the accounting result before tax. Tax cost consists of payable taxes for the year (tax on this years taxable result) and changes in net deferred taxes. The tax cost is divided between ordinary result and extraordinary result according to taxable basis.

Deferred tax liabilities and deferred tax assets are shown as net items in the balance sheet.

## Pension liabilities

### AFP

The company and Group participates in the arrangement for negotiated pension between the trade unions (LO) and the employers' association (NHO), AFP arrangement. The Company has recorded calculated pension liability included payroll tax in the balance sheet. For further information see note 13.

### Group pension liabilities

The company and Group has a contribution pension plan which complies with compulsory occupational pension. For further information see note 13.

Expenses related to contribution pension plan is charged according to received invoices from insurance company.

## Foreign currency

The company calculates foreign currency at the exchange rate on the accounting date. Gains and losses on foreign currency exchange are classified as financial transactions.

## Estimates

The compilation of the result assume that the company use estimate and assumption which affects the result and the valuation of assets, liabilities and commitments on the balance date. These are settled to best estimate based on the information on the balance date according to generally accepted accounting principles. Actual figures can deviate from estimates.

**NOTE 2 INTANGIBLE ASSETS AND FIXED ASSETS**
**FABRICOM AS**

All numbers in '000

	Land	Buildings	Machinery/ Fixtures	Total
Purchase cost 01.01.	-	8 120	115 174	123 294
Increase	0	1 023	3 412	4 435
Decrease	0	0	0	0
Purchase cost 31.12	-	9 143	118 586	127 729
Accumulated ordinary depreciation 31.12.	0	7 940	103 592	111 531
<b>Book value</b>	<b>-</b>	<b>1 203</b>	<b>14 996</b>	<b>16 198</b>

Ordinary depreciation for the year	0	246	6 242	6 487
Ordinary depreciation rate in %	-	5	10-30	
Economic life	~	20 years	5 - 7 years	

Depreciation is linear over the technical/financial lifetime.

**GROUP FABRICOM NORWAY**

All numbers in '000

	Goodwill	Land	Buildings	Machinery/ Fixtures	Total
Purchase cost 01.01.	12 687	0	8 120	120 797	141 604
Increase	0	0	1 023	3 412	4 435
Decrease	0	0	0	0	0
Purchase cost 31.12	12 687	0	9 143	124 209	146 039
Accumulated ordinary depreciation 31.12.	12 687	0	7 940	109 214	129 840
<b>Book value 31.12.</b>	<b>0</b>	<b>-</b>	<b>1 203</b>	<b>14 996</b>	<b>16 198</b>

Ordinary depreciation for the year	0	0	246	6 242	6 487
Ordinary depreciation rate in %	20	0	5	10 - 30	
Economic life	5 years	~	20 years	5 - 7 years	

Depreciation is linear over the technical/financial lifetime.

Goodwill of NOK 12 687 is regarding acquisition of shares in Vigor Industries and Orkla Engineering in January 2007.

**NOTE 3 SUBSIDIARIES**
**COMPANY'S INCLUDED IN THE ACCOUNTS OF GROUP FABRICOM NORWAY**

Company	Registered office	Share ownership	Voting rights
VM Alliansen DA	Sola	66,67 %	66,67 %
Fabricom PMAE AS	Sola	100,00 %	100,00 %
Fabricom Nord AS	Sola	100,00 %	100,00 %
Fabricom Vigor AS	Orkanger	100,00 %	100,00 %

**FABRICOM AS**

All numbers in '000

Company	Time of purchase	Registered office	Share ownership/ voting rights	Share of Equity capital	Share of result for the year	Book value
VM Alliansen DA	31.01.2001	Sola	66,67 %	0	0	0
Fabricom Nord AS	01.09.2002	Sola	100,00 %	1 363	11	1 363
Fabricom Vigor AS	04.01.2007	Orkanger	100,00 %	8 505	-5 587	8 505
Fabricom PMAE	01.09.2002	Sola	100,00 %	8 732	351	8 732
<b>Total investments in subsidiaries</b>					<b>-5 225</b>	<b>18 601</b>

The companies are valued according to the equity method, see table below:

	VM Alliansen DA	Fabricom PMAE AS	Fabricom Nord AS	Fabricom Vigor AS
Acquisition cost		13 742	1 259	16 000
Equity value at date of acquisition		110	110	2 647
Opening balance 01.01.	872	8 381	1 352	14 092
Settlement VMA	-872			
Group contribution		-7 135		-3 500
Share of year result		7 486	11	-2 087
<b>Closing Balance 31.12</b>	<b>0</b>	<b>8 732</b>	<b>1 363</b>	<b>8 505</b>

Share of result of the year is included in the operating income, see note 9.

Result from Fabricom PMAE AS, Fabricom Nord AS, Fabricom Vigor AS are shown in separate line in the income statement.

Fabricom AS guarantee for the operation in the companies Fabricom PMAE AS, Fabricom Nord AS and Fabricom Vigor.

**Company**

The agreement in VM Alliansen requires unanimity, based on this, the share in VM Alliansen is incorporated under the equity method in the consolidated accounts as well.



**NOTE 4 ACCOUNTS WITH COMPANIES IN THE SAME CORPORATION/ASSOCIATES**

All numbers in '000

GROUP FABRICOM NORWAY			FABRICOM AS	
2013	2014		2014	2013
		<b>Trade debtors:</b>		
0	0	Account receivable subsidiaries	246	252
0	0	Other debtors subsidiaries	0	572
0	0	Group contribution	13 274	8 852
281	25 745	Cashpool within the group	25 745	281
		<b>Liabilities:</b>		
0	0	Account payable subsidiaries	57 316	66 251
0	0	Other short-term liabilities within the group	17 494	10 000

**NOTE 5 CASH, BANK, ETC.**

All numbers in '000

**FABRICOM AS**

The bank and cash balance per 31.12.14 is NOK 29.724, of which NOK 3.930 are tied-up funds for payment of taxes. NOK 25.745 is cashpool within the group.

**GROUP FABRICOM NORWAY**

The bank and cash balance per 31.12.14 is NOK 48.889, of which NOK 18.073 are tied-up funds for payment of taxes. NOK 25.745 is cashpool within the group.

The company has through cashpool within the group a credit for 50 000 MNOK.

With regards to hired out personell the company has met the general requirements cf. The Payment Act, section 4-1, second paragraph.

**NOTE 6 EQUITY CAPITAL**

All numbers in '000

FABRICOM AS	Share Capital	Reserve for valuation variants	Other equity capital	Total
Equity capital 01.01.	20 000	965	77 419	98 384
Dividends			-2 758	-2 758
Profit of the year		-988	-2 486	-3 474
<b>Equity capital 31.12.</b>	<b>20 000</b>	<b>-23</b>	<b>72 174</b>	<b>92 151</b>

**GROUP FABRICOM NORWAY**

Equity capital 01.01.	98 490
- Dividend	-2 758
+ Profit of the year	-3 474
<b>Equity capital 31.12.</b>	<b>92 257</b>

**NOTE 7 NUMBERS OF SHARES AND SHAREHOLDERS**
**FABRICOM AS**

The company's shareholder and title	Number	Percentage ownership
Fabricom Nederland B.V.	20 000	100 %

Numbers of shares and face value are specified in the balance sheet. There are no classes of shares in the company.

**GROUP FABRICOM NORWAY**

Note information is identical to information given under Fabricom AS.

**NOTE 8 TAXES**

All numbers in '000

GROUP FABRICOM NORWAY			FABRICOM AS	
2013	2014	Temporary differences in connection with:	2014	2013
-567	374	Current assets/liabilities	0	-1 034
-7 464	-5 549	Fixed assets	-5 516	-7 423
-1 440	-280	Pension liabilities	-151	-656
-0	-5 593	Loss Carry forward previous year	-5 593	0
-20 123	-30 411	Loss Carry forward	-27 481	-20 060
-29 594	-41 459	Total temporary differences	-38 742	-29 173
<b>-7 991</b>	<b>-11 195</b>	<b>Deferred tax (+)/tax advantage (-), 28 %</b>	<b>-10 461</b>	<b>-7 876</b>
<b>Specification of the difference between accounting profits before tax and taxable income for the year</b>				
6 192	-6 676	Accounting profit before tax	-8 698	1 688
0	0	+/- Reversal result from subsidiaries	-5 410	-11 269
51 103	-4 016	+/- Change in temporary differences	-3 446	58 149
0	0	+ Difference in accounting and taxable value profit from associates	0	0
1 440	406	+ Permanent differences	358	1 301
0	0	+ Group contribution	9 774	8 852
58 735	-10 286	= Tax basis	-7 422	58 721
-58 735	0	Loss Carry forward	0	-58 721
<b>0</b>	<b>0</b>	<b>Taxable income</b>	<b>0</b>	<b>0</b>
<b>Tax cost in the profit and loss account</b>				
252	-1 510	Correction tax payables	-1 510	205
724	0	Change in deferred tax due to tax adjustment previous year	0	724
2 139	-1 693	Change in deferred tax	-1 075	162
321	0	Change in tax rate	0	318
0	0	Tax due to group contribution	-2 639	-2 479
<b>3 435</b>	<b>-3 203</b>	<b>Total tax expenses</b>	<b>-5 223</b>	<b>-1 070</b>

**NOTE 9 OPERATING INCOME**

The company's business is engineering, mechanical construction and associated technical services. The work is done in part in its own fabrication plant and in part at the customers construction sites. The main employment area in 2014 has been Rogaland and the Norwegian continental shelf.

The company's turnover is mainly from EPCI(C) contracts (engineering, procurement, construction and installation) where there is no accurate allocation of the turnover among the area of operations. Allocation of turnover is therefore based on estimate and do not necessarily represent the actual value added within the individual area of operations.

All numbers in '000

GROUP FABRICOM NORWAY			FABRICOM AS	
2013	2014	Operating income distributed on type of business and geographical location:	2014	2013
6 886	1 591	Studies & Technology	1 591	6 886
441 691	539 607	M&M projects	539 607	441 691
71 333	35 167	Onshore projects	29 990	71 333
505 993	242 602	Offshore modification	214 304	475 961
0	0	Result from associates	5 410	11 268
12 243	6 769	Other income	6 768	12 243
<b>1 038 146</b>	<b>825 737</b>	<b>Total operating income</b>	<b>797 671</b>	<b>1 019 382</b>

**NOTE 10 FINANCIAL MARKET RISK**
**FABRICOM AS**

The company's financial market risk is limited. The currency exchange risk is connected to foreign suppliers of services and is limited in extent and maturity. The credit and liquidity risk is regarded as negligible.

**GROUP FABRICOM NORWAY**

Note information is identical to information given under Fabricom AS.

**NOTE 11 PAYROLL COST**

All numbers in '000

GROUP FABRICOM NORWAY			FABRICOM AS	
2013	2014	Payroll cost consist of the following items:	2014	2013
479 845	464 623	Salaries	126 510	118 477
71 177	69 270	Social security contribution	17 249	17 089
11 748	18 014	Pension cost, see note 13	1 271	1 451
12 713	12 491	Other personnel cost	11 697	11 742
<b>575 483</b>	<b>564 398</b>	<b>Total payroll cost</b>	<b>156 727</b>	<b>148 758</b>
736	702	Average number of employees	211	222

Remuneration	Managing Director	Board of Directors
Payroll	0	111
Other remuneration	0	

Payroll cost Managing Director is booked in parent company.

**Auditor**

Auditor fee booked as cost is NOK 451 of which NOK 85 is related to audit of subsidiaries. There has been no invoice for other services during the year.

**NOTE 12 COSTS, OBLIGATIONS AND FUNDS RELATING TO PENSIONS**
**Pension liabilities AFP**

The company has pension agreement (AFP) for its employees in accordance with LO/NHO arrangement from 62 year to 67 year. As of 31.12.14 the arrangement includes 217 persons in Fabricom AS and 740 persons in Group Fabricom Norway. Calculated pension liability including payroll tax is included in the balance.

**Group pension liabilities**

Fabricom AS and subsidiaries Fabricom PMAE AS, Fabricom Nord AS and Fabricom Vigor AS are obliged according to law to have a occupational pension (OTP). Pension agreement for the company and Group comply with this law.

All numbers in '000

GROUP FABRICOM NORWAY			FABRICOM AS	
2013	2014		2014	2013
		<b>AFP pension</b>		
476	0	Current service cost	0	0
243	34	Interest cost	17	35
-1 802	-779	Benefits paid	-416	-852
-473	-167	Liability (gain) / loss (+)	-43	218
-6 061	0	Special events	0	0
-219	-129	Payroll tax	-62	-84
<b>-7 835</b>	<b>-1 040</b>	<b>This year net pension cost AFP</b>	<b>-505</b>	<b>-683</b>
		<b>AFP pension</b>		
1 262	245	Present value of Defined Benefit Obligations, end of year	133	575
<b>1 262</b>	<b>245</b>	<b>Net pension liabilities</b>	<b>133</b>	<b>575</b>
178	35	Payroll tax, 14,1 % of future pension liabilities	19	81
<b>1 440</b>	<b>280</b>	<b>Net pension liability including payroll tax</b>	<b>151</b>	<b>656</b>
		<b>Pension</b>		
-7 835	-1 040	Net AFP pension cost this year	-505	-683
19 582	19 055	Net group pension cost, defined benefit	1 776	2 134
11 748	18 014	Total pension cost profit and loss account	1 271	1 451
1 440	280	Pension liabilities AFP	151	656
<b>1 440</b>	<b>280</b>	<b>Total pension liabilities in the balance</b>	<b>151</b>	<b>656</b>

**Economic assumptions:**

	2014	2013
Discount rate	3,00 %	3,00 %
Salary increase	0 %	0 %
Long term inflation	1,75 %	2,00 %
Social security escalation rate	3,00 %	3,50 %
Pension increase	3,00 %	3,00 %
Local tax rate	14,10 %	14,10 %

**Demographic assumptions:**

	2014	2013
Turnover; withdrawal decrements before 45 years old	0 %	0 %
Turnover; withdrawal decrements after 45 years old	0 %	0 %
Preretirement rate at age 62	0 %	0 %
Disability decrements	IR73	IR73
Ordinary mortality (spouse)	K2013	K2013
Retiree mortality	K2013	K2013

As actuarial assumptions for demographic factors and departures are use of normal assumptions within insurance the basis.

**NOTE 13 RAW MATERIALS AND CONSUMABLES**

All numbers in '000

GROUP FABRICOM NORWAY			FABRICOM AS	
2013	2014		2014	2013
52 685	45 939	Raw materials and consumables	43 594	49 540
0	0	Fabricom PMAE AS, Services	376 902	390 127
0	0	Fabricom Vigor AS, Services	9 323	24 662
267 876	101 011	Subcontractors	103 430	274 078
<b>320 561</b>	<b>146 950</b>	<b>Total raw materials and consumables</b>	<b>533 250</b>	<b>738 406</b>

**NOTE 14 ACCOUNT RECEIVABLE**

All numbers in '000

GROUP FABRICOM NORWAY			FABRICOM AS	
2013	2014		2014	2013
79 141	64 760	Account receivable	63 846	66 972
<b>79 141</b>	<b>64 760</b>	<b>Total mortgages</b>	<b>63 846</b>	<b>66 972</b>

**NOTE 15 GUARANTEES**
**Guarantee liabilities**

The company has made guarantees to customers for a total of NOK 126 314 (through Atradius and BNP) as security for correct execution of contracts. In addition see note 14.

The company has a surety up to NOK 300 million towards Atradius to cover for contract guarantees.

The company has a house rental guarantee for 13 million NOK.

The company has given a guarantee for operations and liabilities in the subsidiaries Fabricom PMAE AS, Fabricom Nord AS and Fabricom Vigor. These companies exist solely to trade internally with Fabricom AS and will not appear as separate business areas.

NOTE 16

RENTAL AGREEMENT

**FABRICOM AS**

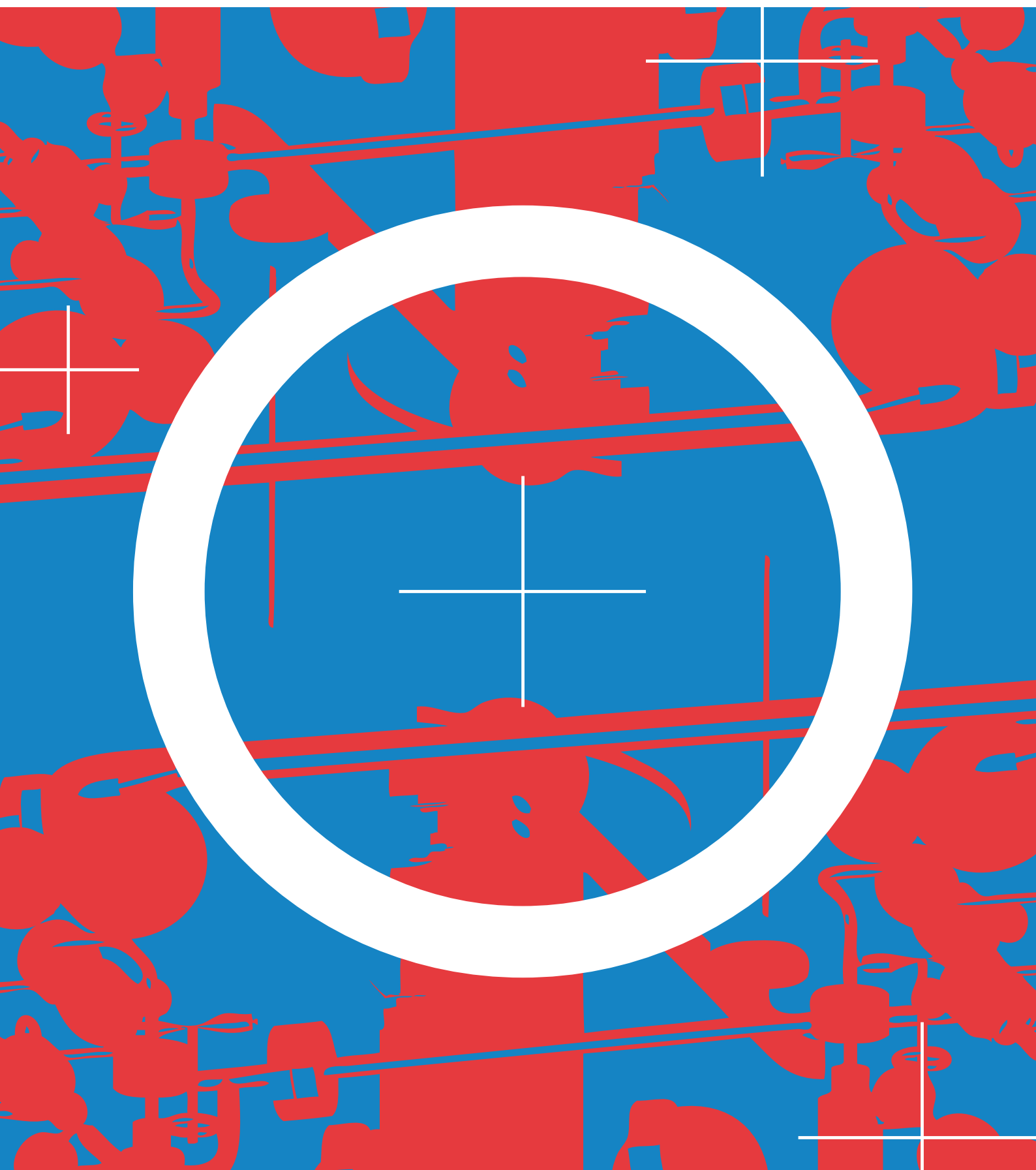
*All number in '000*

Annual rental cost is 34 302. This includes rental of accommodation in Trondheim (duration 31.03.2017), Forus (duration 31.07.2023) and workshop Dusavik (duration 31.12.2015).

**GROUP FABRICOM NORWAY**

*All number in '000*

Total annual rental cost is 34 495. This includes rental agreement in Orkanger (duration 31.12.2015) in addition to agreements in Fabricom AS.





Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Fabricom AS

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Fabricom AS, which comprise the financial statements of the parent company, showing a loss of NOK 3 669 000, and the financial statements of the group, showing a loss of NOK 3 669 000. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at December 31, 2014, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors and the Managing Director's Responsibility for the Financial Statements*

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Fabricom AS and of the group as at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.



## 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, and the proposal for the coverage of the loss complies with the law and regulations and that the information is consistent with the financial statements.

### *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 the 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 in Norway.

Stavanger 18th March 2015  
Deloitte AS

Svein Sivertsen  
State Authorised Public Accountant (Norway)

(Translation has been made for information purpose only)

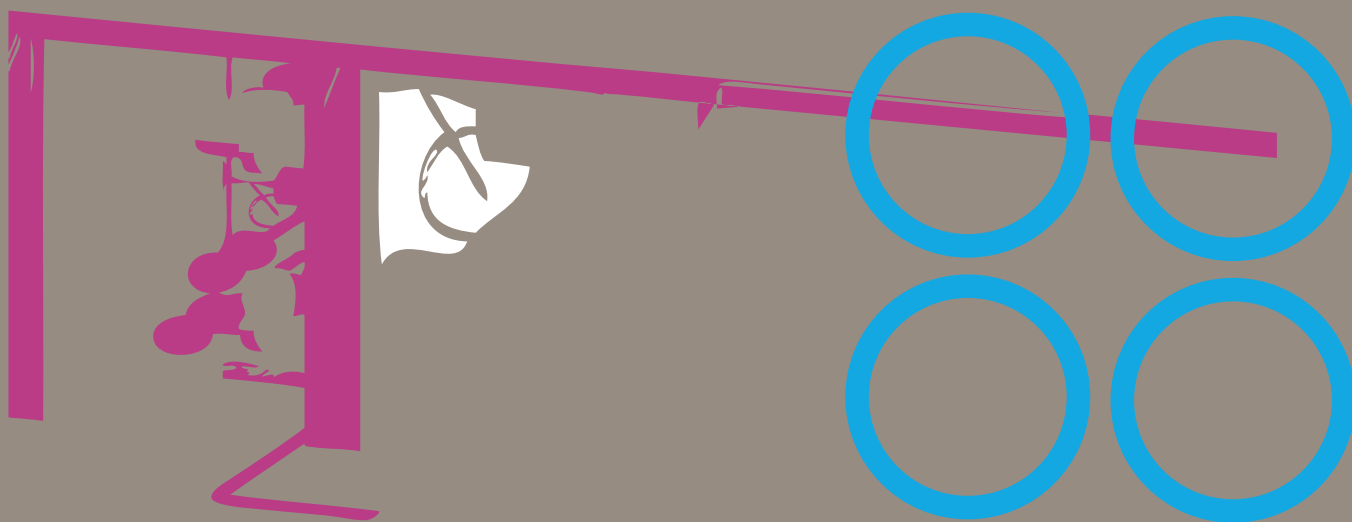
---

# Core business

Cofely Fabricom work to increase safety, production and profitability!

Cofely Fabricom is a total supplier of onshore and offshore related maintenance and modification projects. The company holds high competence within project management, engineering, fabrication and construction. Cofely Fabricom's deliverables leads to increased productivity, profitability and safety.

Cofely Fabricom is experiencing growth and has a clear vision to be a preferred supplier of technological products, services and solutions in the Norwegian oil & gas industry.





**COFELY FABRICOM**  
*GDF SVEZ*

Kanalsletta 3  
NO-4033 Stavanger  
51 87 90 00  
[www.cofely-fabricom.no](http://www.cofely-fabricom.no)

