

# **Annual Report for 2015**

## **Jacobsen Elektro AS**

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- Profit & Loss Accounts**
- Balance Sheet**
- Cash Flow Statement**
- Notes**
- Auditor's Report**

# THE BOARD OF DIRECTORS REPORT 2015

## 1. Areas of activity

Jacobsen Elektro AS is a project-based company with Africa, Asia and Eastern Europe as its key export markets. The Company specialises in the supply of new or refurbished transformer stations, as well as the construction of power plants. The Company's strategy is to assume total responsibility by supplying turnkey plants. The Company wishes to reinforce its position in the field of renewable energy and has recently carried out upgrading of existing hydroelectric plants in Tanzania.

The international projects are financed mainly via guarantees from GIEK or similar institutions as an important and integral part of the total project. The Company also engages in open bid projects with financing from a variety of sources. In addition, the Company has a strong focus on the sale of expertise through its consulting department for relay planning and services, including training activities in both domestic and international markets.

The Norwegian Energy market is in strong growth, and the Company has increased the focus on the Norwegian market, especially for turnkey projects for sub stations and projects related to Protection and Control. In addition, the Company has a very strong position in the consultancy market for relay planning and service in the Norwegian market.

The Company's head office is in Lier, Norway.

## 2. Review of the year

Throughout 2015, the Company has been engaged in a number of projects. The most substantial being:

- Kinyerezi, Tanzania: The construction of a gas fired, 150 MW, power plant. The contract was effective in August 2013, and the work was completed in April 2016 and completion certificates have been issued. Delay in date of finalizing the project is caused by late payments from customer and consequently suspension periods during 2014 and 2015.
- Ghana Gridco: Construction of one new substation and extension of three existing substations The project was completed in December 2015
- Kvandal: The construction of a new substation in Kvandal Norway. This is the first EPC contract for a complete new substation for Statnett in Norway. The project was completed in October 2015. Some minor activities remains until protection and control system is ready (summer 2016)
- Liberia. Construction of an 18MW HFO Power Plant in Monrovia, Liberia. The contract was effective early 2014. We unfortunately had to stop all work with the project under a Force Majeure situation due to the Ebola outbreak. Force majeure started August 4<sup>th</sup> 2014, and ended in 2015. Even though the Ebola outbreak created major challenges the Project was completed in accordance with revised schedule and completion certificates have been issued.
- Capacity Building and Repair of an existing Hydro Power Plant in Tanzania. The project is waiting for the customer to give necessary access to the site to complete the last details of the project, expected to be Q2 2016.

In addition to the projects listed above, the Company has a Framework Agreement with Statnett, the government owned Norwegian system operator of the high voltage national grid, for the replacement and modernisation of control systems in a number of transformer stations. First phase (2010-2014/2015) of the Framework Agreement was almost finalized during 2015. This agreement was renewed for another four years in April 2014, and the pilot station for the new Framework Agreement begun in 2014. Jacobsen Elektro AS was the first of the 3 companies in the Frame Work Agreement to finalize the pilot project for this agreement in June 2015. After finalized the pilot station we have been nominated for total 8 stations under the new Frame Agreement by May 2016.

The Company has also won several smaller projects for major distribution network owners in Norway in addition to the very strong position in the consultancy- and service market in Norway.

The activities in the Norwegian service and consultancy market have been very satisfactory in 2015, and the positive trend has continued in 2016.

### **3. Financials**

#### *3.1 Profit & Loss Accounts, Balance Sheet and Cash Flow Statement*

Due to delayed start up of Kinyerezi Extension as well as delayed completion of Kinyerezi 1 into 2016, the income became considerably lower than expected resulting in a loss in 2015.

In 2015, Jacobsen Elektro AS had operating revenues of 514.2 MNOK compared to 790.8 MNOK the year before. The loss from ordinary activities before tax and finance was 15.1 MNOK. The loss for the year after tax was 17.1 MNOK compared to profit of 45.2 MNOK in the previous year.

The total balance as per 31.12.2015 was 603.6 MNOK compared to 596.0 MNOK in 2014.

The company's equity as per 31.12.2015 was 183.8 MNOK equal to 30.5% of the total balance.

Current assets were 547.6 MNOK equal to 90.8%. Short-term liabilities were 395.0 MNOK. The company has no long-term liabilities. Trade receivables is in total 256.6 MNOK of which 198.6 MNOK is related to one project and due date for the main part of this amount was dependent of final acceptance test which was completed end of April 2016.

The short term liability to CRDB Bank Tanzania is 131,2 MNOK. This had originally a due date defined to March 31<sup>st</sup> 2016. Due date for this liability has after 31.12.2015 been extended to August 31<sup>th</sup> 2016.

Net cash flow from operational activities was -66.1 MNOK compared to -157.8 MNOK in 2014.

The cash flow from investment was 24.9 MNOK due to proceeds from sale of land. The cash flow from financing activities was 9.2 MNOK due to bank overdraft. The net change in liquid assets was thus -32.0 MNOK, compared to -68.7 MNOK in the previous year.

At the close of the year the company's holdings of bank deposits and liquid assets were 5.8 MNOK compared to 37.8 MNOK in 2014.

The Board of Directors is of the opinion that the Annual Accounts and Annual Report provide a true and correct picture of the Company's assets and liabilities, financial position and the profit/loss at the close of the accounting year 2015.

#### *3.2 Liquidity*

By the end of 2015, the Company had trade receivables amounting to 256.5 MNOK compared to 204.4 MNOK in 2014. The cash deposit 31.12.2015 was 5.8 MNOK.

Since close of financial year (31.12.2015) the following milestones have been reached, which all give a positive influence of the cash flow situation and order backlog;

- Signed contract for Kinyerezi Extension in Tanzania. Contract value appr 188 MUSD
- Received down payment for the Kinyerezi Extension. Appr 13,7 MUSD
- Finalized Kinyerezi 1 contract in April 2016, which release final payment of appr 22,5 MUSD in July 2016
- Finalized Liberia project which release final payment of appr 4,9 MUSD, to be paid in June and August 2016
- Prolongation of the CRDB credit facility to end of August 2016

#### **4. Order backlog**

##### **Norway**

The company's consulting and service activities, which are mainly focused on the Norwegian market, has had a very satisfactory influx of orders, and the positive trend has continued in 2016.

The renewed Frame Agreement with Statnett for control and protection systems in Norway was effective by June 2015 (by completing the pilot station) and has an estimated value of 250-350 MNOK over a 4-year period starting January 1<sup>st</sup>. 2016.

##### **Export Market**

The major order backlog consists of the following:

Kinyerezi project 150MW Power plant (Tanzania):	36.7 MNOK
LEC 18 MW Power plant (Liberia):	27.0 MNOK

At the close of the year, the Company had a total order backlog of approximately 113MNOK

After 31.12.2015, the total backlog has increased by 1.541 MNOK (188 MUSD) due to the Kinyerezi Extension project.

#### **5. Market and future prospects**

In addition to effective contracts, the Company has a pipeline of upcoming projects. Of these, the following are assessed to have a high degree of probability of realisation, such that development costs have been capitalized:

- Substation Project in Myanmar. 13 substations/4 years agreement. Contract value appr 100MEUR. Brown field project with total refurbishment of existing substations
- Extension of Kinyerezi I Power Plant with additional 185 MW. Gas fired power Plant as an extension of the Kinyerezi 1 project. Contract value appr 188 MUSD. Contract is signed and initial down payment received.
- Power plant in Uganda
- Transmission in Albania
- Extension of Ubungo Power plant
- Power plant in Benin
- Power plant Ghana – The EPC part of an IPP project of 360 MW based on Wartsila equipment (Dual Fuel Engines). Jacobsen Jelco Ghana Ltd is the customer of Jacobsen Elektro AS. We have been working with the project for appr 5 years, and are now in the final stage of getting to a financial closure for the project. Total value of the EPC contract is appr 550 MUSD.
- Transmission in Ghana. This is a follow up project for the Phase 1 (2004-2008) and Phase II (2009-2014) transmission project in Ghana. The scope of the project includes both refurbishment of substation and new substations in different voltage levels.
- Substation Project in Mozambique

Although expectations of future earnings and growth imply some uncertainty, the Board of Directors' assessment is that the market in which the Company operates is very strong and represents a significant potential for the further growth and development of the Company.

The Board of Directors confirms that the premises for continued operations are present and that the accounts were prepared on this basis.

#### **6. Financial risk**

Jacobsen Elektro AS is exposed to considerable currency risk as a portion of the Company's expenses are in

NOK, while a larger portion of the Company's income is in other currencies. The Company seeks to eliminate the exposure to exchange rate fluctuations that arise as a result of having different income and expense currencies in our projects, through contractual changes or financial hedging, and the currency risk can thus be considerably reduced for the individual projects. Further, the Company makes every effort to reduce the sum of currency fluctuation exposure in the individual projects by adapting the income and cost currencies to the highest degree possible.

Cash flow risk is linked to the uncertainty of timing of cash flows in the projects in conjunction with the Company's excess liquidity.

The risk of not receiving payment against trade receivables is deemed to be minor. As a general rule International trade receivables are secured by bank guarantees or similar arrangements with banks. The Norwegian trade receivables have an excellent payment record.

The Company had no currency hedging contracts per 31.12.2015.

## **7. The working environment**

The Company has an excellent working environment with little distance between management and the employees characterized by the high level of teamwork, informal and effective decision-making processes and procedures. No accidents have occurred in the Company during 2015. The Company had a total of 201 days of absence due to illness, of these 132 days were long-term absence divided between 6 employees. The Company's total absence through illness was 1,12 %.

The Company is certified according to SA 8000 (Social Accountability) as the first company in the Nordic region. This certification confirms the Company's responsibility regarding human rights including child labour, forced and compulsory labour, health and safety, freedom of association, discrimination and disciplinary practices, working hours and remuneration in all projects we are involved in, both international and domestic.

## **8. Equal opportunity**

The average number of employees in the Company in 2015 was 62. The Company had 65 employees at the close of the year. Of these, 4 were women and 61 were men. The Company's policy is that equal salaries shall be paid for equal work. The Company's Board of Directors consists of 4 men.

## **9. The external environment**

The Company generates low volumes of waste products in the form of waste oils and metals. Return arrangements have been established for metals, while environmental waste is sent to a receiving depot for waste segregation. Electronic equipment is returned in accordance with the applicable recycling arrangement. There is a requirement in connection with the financing of certain projects that an environmental study is prepared and approved with the subsequent requirements that are to be incorporated in HES routines in the individual projects. The Company hires external consultants to prepare the environmental studies. The Company has during 2015 decided to comply with the ISO 14000 standard in order to to comply with environmental requirements stipulated by the authorities, customers and suppliers.

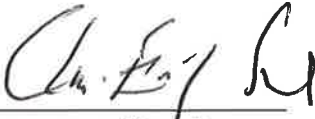
## **10. Appropriation of profit/loss for the year**

The Board of Directors proposes that the result for the year of – 17,1 MNOK is taken from retained earnings.

Lierstranda , 31<sup>th</sup> May 2016,



*Johan Svendsen*  
Chairman of the Board



*Clas-Eirik Strand*  
Member of the Board



*Karl Johan Svendsen*  
Member of the Board



*Geir Gjerdal*  
Member of the Board



*Ole Kristian Ødegård*  
Managing Director

# Jacobsen Elektro AS

## INCOME STATEMENT

(Amounts in NOK 1000)

	Note	2015	2014
Revenue	5,14	497 092	790 732
Other operating income	14	17 120	19
<b>Total revenue</b>		<b>514 213</b>	<b>790 751</b>
Project expense	15	453 337	662 918
Cost of good sold		2 951	2 855
Employee expense	9,16	21 155	25 035
Depreciation	1	633	809
Impairment charges	4	0	21 123
Other operating expenses	8,16	51 230	51 790
<b>Total operating expenses</b>		<b>529 306</b>	<b>764 529</b>
<b>Operating profit</b>		<b>-15 093</b>	<b>26 222</b>
Interest from group companies		2 939	2 991
Interest income		729	3 189
Other financial income	17	16 402	45 082
Interest to group companies		0	0
Interest expenses	15	3 278	9 353
Other financial expenses	17	27 863	6 133
<b>Net financial income and expenses</b>		<b>-11 072</b>	<b>35 775</b>
<b>Profit before tax</b>		<b>-26 165</b>	<b>61 997</b>
Income tax expense	13	-9 023	16 776
<b>Net profit or loss for the year</b>	10	<b>-17 142</b>	<b>45 222</b>
Transferred from retained earnings	10	-17 142	0
Transferred to retained earnings	10	0	32 722
Group contribution	10	0	12 500

# Jacobsen Elektro AS

## BALANCE SHEET AT 31.12.

(Amounts in NOK 1000)

<b>ASSETS</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
Incurring withholding tax	13	567	567
<b>Total intangible assets</b>		<b>567</b>	<b>567</b>
Land, buildings and other property	1,6	0	8 000
Machinery and movables	1,6	571	882
Fixtures and fittings, tools, office machinery and equipment	1,6	1 001	1 315
<b>Total tangible assets</b>		<b>1 572</b>	<b>10 196</b>
Investments in subsidiaries	2	71	71
Loans to group companies	6,8	53 786	93 317
<b>Total financial fixed assets</b>		<b>53 858</b>	<b>93 388</b>
<b>TOTAL FIXED ASSETS</b>		<b>55 996</b>	<b>104 151</b>
<b>Inventories</b>	<b>3, 6</b>	<b>778</b>	<b>1 353</b>
Trade receivables	6,8	256 538	204 376
Work in progress, not invoiced	5,6	17 393	2 228
Other receivables group companies	6,8	18 120	12 750
Other receivables	5,6	80 382	94 540
Activated contractual cost	4	168 633	138 790
<b>Total receivables</b>		<b>541 067</b>	<b>452 683</b>
<b>Cash and bank deposits</b>	<b>6,7</b>	<b>5 775</b>	<b>37 767</b>
<b>TOTAL CURRENT ASSETS</b>		<b>547 619</b>	<b>491 803</b>
<b>TOTAL ASSETS</b>		<b>603 616</b>	<b>595 955</b>



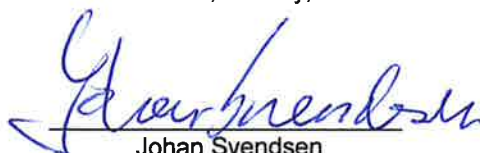
# Jacobsen Elektro AS

## BALANCE SHEET AT 31.12.

(Amounts in NOK 1000)

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
Share capital	10,11	6 000	6 000
Share premium	10	6 325	6 325
Other paid-in equity	10	1 236	1 236
<b>Total paid-in equity</b>		<b>13 561</b>	<b>13 561</b>
Retained earnings	10	170 259	187 401
<b>Total retained earnings</b>		<b>170 259</b>	<b>187 401</b>
<b>TOTAL EQUITY</b>	10,12	<b>183 820</b>	<b>200 962</b>
Pension liabilities	9	0	36
Deferred tax	13	24 833	33 856
<b>Total provisions</b>		<b>24 833</b>	<b>33 892</b>
Liabilities to financial institutions	6,7	141 183	111 483
Trade creditors	8	204 034	112 994
Public duties payable		8 432	8 629
Other short term liabilities group companies	8	0	12 500
Other short term liabilities		14 431	26 184
Invoiced, work in progress	5	26 882	89 310
<b>Total short-term liabilities</b>		<b>394 962</b>	<b>361 100</b>
<b>TOTAL LIABILITIES</b>		<b>419 795</b>	<b>394 992</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>603 616</b>	<b>595 955</b>

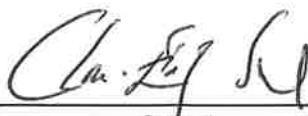
Lierstranda, 31 May, 2016



Johan Svendsen  
Chairman of the Board of Directors



Geir Giersdal  
Member of the Board of Directors



Clas-Erik Strand  
Member of the Board of Directors



Karl Johan Svendsen  
Member of the Board of Directors



Ole Kristian Ødegård  
Managing Director

# Jacobsen Elektro AS

## CASH FLOW STATEMENT

(Amounts in NOK 1000)

	2015	2014
<b>Cash flow from operations</b>		
Profit before income taxes	-26 165	61 997
Taxes paid in the period	0	0
Gain/loss from sale of fixed assets	-17 103	-19
Depreciation	632	1 451
Change in inventory	575	272
Change in trade debtors	-52 162	16 819
Change in trade creditors	91 040	-111 352
Differences in expensed pensions and payments in/out of the pension scheme	-36	-36
Change in work, not invoiced and change in invoiced, work in progress	-77 593	-166 800
Change in other provisions	8 704	69 237
<b>Net cash flow from operations</b>	<b>-72 108</b>	<b>-128 432</b>
<b>Cash flow from investments</b>		
Proceeds from sale of fixed assets	25 103	480
Purchase of fixed assets	-211	-903
<b>Net cash flow from investments</b>	<b>24 892</b>	<b>-423</b>
<b>Cash flow from financing</b>		
Net payment of short and long term loans group companies	26 165	-29 405
Net change in bank overdraft	9 211	103 997
Payment of dividend	0	-2 300
<b>Net cash flow from financing</b>	<b>35 376</b>	<b>72 292</b>
<b>Exchange gains / (losses) on cash and cash equivalents</b>	<b>-20 151</b>	<b>-12 118</b>
Net change in cash and cash equivalents	<b>-31 992</b>	<b>-68 681</b>
Cash and cash equivalents at the beginning of the period	37 767	106 447
<b>Cash and cash equivalents at the end of the period</b>	<b>5 775</b>	<b>37 767</b>

**Accounting principles**

(Amounts in NOK 1 000)

The annual accounts have been prepared in accordance with the Accounting Act and accounting principles generally accepted in Norway.

***Use of estimates***

The preparation of financial statements in accordance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which contain such assessments, have a high degree of complexity, or where assumptions and estimates are significant for the financial statements, are described in the notes.

**Subsidiaries**

The purchase method of accounting is used to account for the acquisition of subsidiaries, associates and joint ventures. The investment is carried at cost price for the shares unless a write-down has been necessary. Group contributions, less tax, increase the cost price for the shares. Dividends/group contributions are recognized the same year as they are recognized in the subsidiary/associate/joint venture. When a dividend/group contribution materially exceeds retained earnings after the acquisition/purchase the exceeding amount is considered repayment of invested capital and reduces the value of the investment on the balance sheet.

**Recognition of income – construction contracts**

The Company's activities consist primarily of the execution of turnkey projects including design, engineering, procurement and construction. Most of the construction is conducted by subcontractors. Construction contracts are accounted for in accordance with NRS 2.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

On the balance sheet, the group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

**Recognition of income – other items**

Income is recognised upon delivery. Services are recognised as income in accordance with the proportion of work performed.

**Capitalised contract costs**

Capitalised contract costs are recognised in accordance with NRS 2. Expenses incurred in connection with projects where management concludes that there is more than 50 % probability that the Company will sign a contract with the customer are capitalised at cost.

**Classification of balance sheet items**

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

**Purchase costs**

The purchase cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received, and purchase costs (freight, customs fees, public fees which are non-refundable and any other direct purchase costs). Purchases in foreign currencies are reflected in the balance sheet at the exchange rate at the transaction date.

**Fixed assets**

Land is not depreciated. Fixed assets are valued at cost and reduced with cumulative amortisation and depreciation, using the straight-line method. When assets are sold, the cost and cumulative amortisation and depreciation are reversed in the accounts, and any gain or loss from the sale is booked in the income statement. The cost for the asset is the purchase price, including fees and taxes and direct purchasing costs related to enable the asset to be used. Expenses occurring after the asset is taken into use, like repairs and maintenance, are normally booked as costs in the income statement. If changes in the depreciation plan occur, the effect is distributed over the remaining depreciation period.

**Asset impairments**

Fixed assets that are depreciated are assessed for impairment when indicators exist that future earnings cannot justify the value in the balance sheet. An impairment loss measured as the difference between the balance sheet value and the recoverable amount is booked in the income statement. Recoverable amount is the higher of actual value less estimated selling costs and the utility value.

Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the writedown are no longer present.

**Inventories**

Inventories, including raw materials, are valued at the lower of cost and fair value less costs to sell after provisions for obsolete inventories. Inventories are measured using the FIFO principle. Finished goods and work in progress include variable costs and fixed costs that can be allocated to goods based on normal capacity. Obsolete inventories have been fully recognised as impairment losses.

**Debtors**

Trade debtors are recognised in the balance sheet after a provision for bad debt. The bad debt provision is made on the basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial difficulties of customers, the likelihood that the customer will become bankrupt or experience financial restructuring, as well as postponements and insufficient payments, are all considered indicators that the debtors should be written down.

Other debtors, both current and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments. When the effect of a writedown is insignificant for accounting purposes, this is not carried out. Provisions for bad debt are valued the same way as for trade debtors.

**Foreign currencies**

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and cost of goods sold. The functional and presentation currency is NOK.

**Liabilities**

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

**Guarantee commitments**

Provisions for warranty relating to completed sales are valued at the estimated cost of such work. The estimate is made on the basis of historical figures for guarantee work, but adjusted for expected differences due to, for instance, changes in quality assurance routines and changes in product range. The provision is recognised under 'Other short term liabilities' and changes in the provision are recognised in income.

**Pensions**

The company has various pension schemes. The pension schemes are financed through payments to insurance companies, with the exception of the early retirement pension scheme (AFP). The company has both defined contribution plans and defined benefit plans.

**Taxes**

The tax charge in the income statement includes both tax payable for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. The deferred tax liability and deferred tax asset which may be shown in the balance sheet are presented net.

The tax deduction related to group contributions given and the tax withheld on group contributions received are booked as a reduction of cost price or taken directly to equity, and are booked directly against tax in the balance sheet (offset against tax payable, as appropriate, or offset against deferred taxes, as appropriate).

Deferred tax is reflected at nominal value.

**Cash flow statement**

The cash flow statement is presented according to the indirect method. The term cash and cash equivalents includes: currency, bank deposits, and short-term, highly liquid investments with a maturity of three months or less at the time of purchase.

**Change in comparative information**

In 2015 there have been a change in comparative information to give a more true and fair presentation of the financial information. All activated cost related to future projects are reclassified to the financial statement item activated contractual cost. Financial statement items effected: Inventory, Work in progress, not invoiced, Other receivables and Activated contractual cost.

**Note 1 Fixed assets**

Fixed assets	Buildings and land	Machines	Movables	Total fixed assets
Purchase cost 01.01.	8 000	4 832	6 920	19 752
Additions	0	0	211	211
Disposals	-8 000	0	0	-8 000
Purchase cost 31.12.	0	4 832	7 131	11 963
Accumulated depreciation 31.12.	0	4 262	6 130	10 391
<b>Net book value 31.12.</b>	<b>0</b>	<b>571</b>	<b>1 001</b>	<b>1 572</b>
Depreciation expense	0	311	524	836
Project related cost (Note 15)				-203
Deprecation total				633

Expected useful life	5 years	3 - 5 years
Depreciation method	Straight line	Straight line

**Note 2 Subsidiaries, associated companies, and joint ventures**

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

Subsidiaries	Location	Ownership/ voting right	Balance sheet value
Jacobsen Elektro Italia SRL	Italia	85 %	71
Balance sheet value 31.12.			71

There has not been any significant activity in Jacobsen Elektro Italia SRL in 2015.

**Note 3 Inventories**

	2015	2014
Raw materials	778	1 353
<b>Total</b>	<b>778</b>	<b>1 353</b>

There is no obsolete inventory

**Note 4 Capitalised contract expenses**

	<b>2015</b>	<b>2014</b>
Capitalised contract expenses	168 633	138 790

(1) Benin, which concerns a power plant project of the type IPP (Independent Power Producer) where the Jacobsen Elektro Group will be responsible for the development, construction, operation and ownership. At 31.12.2012, there was a signed agreement, IA (Implementation Agreement), with the Benin authorities. Negotiations are ongoing at the time the accounts were submitted in connection with the signing of a PPA (Power Purchase Agreement) between the utility in Benin and a group company in the Jacobsen Elektro Group. The PPA is necessary for the implementation of the project.

(2) The Ubongo Extension that is related to the re-dimensioning of the plant in Ubongo, Tanzania, was delivered to the customer in the summer of 2012. Plant production is to be increased from 100 MW to 125 MW.

(3) Power plant Ghana 360 – The EPC part of an IPP project of 360 MW based on Wartsila equipment (Dual Fuel Engines). Jacobsen Jelco Ghana Ltd is the customer of Jacobsen Elektro AS. We have been working with the project for appr 5 years, and are now in the final stage of getting to a financial closure for the project. Total value of the EPC contract is appr 550 MUSD.

There are no projects that at 31.12.2014 were recognised as capitalised contract costs that have been written down to NOK 0 at 31.12.2015 due to an assessment that there is less than 50 % probability that the projects will be implemented.

<b>Contracts</b>	<b>Country</b>	<b>2015</b>	<b>2014</b>
Power plant (UETCL)	Uganda	27 500	27 500
Substations (YESB)	Myanmar	8 100	4 779
Substations (EDM)	Mozambique	2 796	2 796
Namawe Conversion (UETCL)	Uganda	5 460	5 197
Nengo bridge HEPP (UETCL)	Uganda	4 867	3 995
Substation and transmission (OST)	Albania	863	743
Substations - phase III in Ghana (ECG, GRIDCo)	Ghana	1 974	1 068
Substation (Statnett)	Norway	441	0
Power plant	Benin	18 023	17 777
Power plant 360 MW	Ghana	83 798	64 688
Kinyerezi Extention (TanESCO)	Tanzania	5 772	1 209
Ubungo Extension (TanESCO)	Tanzania	7 182	7 182
Purchase of land for power plant (Rockinol Uganda)	Uganda	957	957
Hydro power plant (Langonan Holdings Corp)	Philippines	899	899
<b>Total</b>		<b>168 633</b>	<b>138 790</b>

**Note 5 Long term contracts**

<b>Balance sheet value of projects</b>	<b>2015</b>	<b>2014</b>
Work in progress, not invoiced	17 393	2 228
Retained payments according to contract	0	0
Deferred income, invoiced amount in excess of earned	26 882	89 310
<b>Income statement items related to projects</b>	<b>2015</b>	<b>2014</b>
<b>Result of work in progress</b>		
Total income in the income statement	428 930	786 812
Estimated contract profit	58 928	125 009
<b>Loss-making long term contracts</b>		
Remaining production	0	0

All ongoing projects at 31.12.2015 have recognised profits. The degree of completion of all current projects at 31.12.2015 is calculated on the basis of the relationship between accrued project costs and estimated total project costs.

In the summer of 2012, Jacobsen Elektro completed and handed over a 100 MW power plant to Tanzania Electric Supply Company Limited (Tanesco) in Ubongo, Tanzania. According to the contract, Jacobsen Elektro is entitled to a price adjustment if the effectiveness of the contract exceeded a certain date and the delay was caused by the customer. The price adjustment at 31.12.2015 is approximately 8,8 MUSD (65,7 MNOK) due to a delay of more than half a year caused by the customer. The cost is included in the Kinyerezi Extension project and is considered settled as this project became effective in 2016.



**Note 6 Receivables and liabilities**

<b>Trade receivables</b>	<b>2015</b>	<b>2014</b>
Trade receivables at nominal value	256 538	229 778
Bad debts provision	0	-25 403
<b>Trade receivables in the balance sheet</b>	<b>256 538</b>	<b>204 376</b>

<b>Long term receivables which fall due later than one year</b>	<b>2015</b>	<b>2014</b>
Other long term receivables	53 786	93 317
<b>Total</b>	<b>53 786</b>	<b>93 317</b>

	<b>2015</b>	<b>2014</b>
<b>Liabilities secured by collateral</b>	<b>131 972</b>	<b>111 483</b>

**Balance sheet value of assets pledged as collateral:**

Inventory	778	1 353
Trade receivables	256 538	204 376
Other receivables incl. receivables from group companies	186 753	151 540
Work in progress, not invoiced	17 393	2 228
Fixed assets	1 572	10 196
Bank deposits (unrestricted)	2 042	984
Bank deposits (restricted)	3 733	20 541
<b>Total</b>	<b>468 809</b>	<b>391 218</b>

**The assets are pledged as collateral for the following:**

Bank overdraft	9 211	0
<b>Total</b>	<b>9 211</b>	<b>0</b>

**Off balance sheet commitments**

Contractual guarantees	79 276	15 066
Loan guarantees to group companies	95 073	83 283
<b>Total</b>	<b>174 349</b>	<b>98 349</b>

In addition to assets specified above, are assets in Jarlsø AS, Jelco AS and Jacobsen Elektro Holding AS pledged as collateral for Jacobsen Elektro AS's liabilities. Jacobsen Elektro AS's liabilities are also secured by an corporate guarantees given by Jacobsen Elektro Holding AS. Liabilities in Jelcem Togo Ltd and Jelcem Ghana Ltd are secured by an corporate guarantees from Jacobsen Elektro AS with a total of TNOK. 94.914.

**Trade receivables**

An amount of MNOK 140 is related to Tanesco. This amount was not yet due for payment as per 31.12.2015 as the completion of the project was delayed. The project was completed in late April 2016, completion certificates issued and the corresponding final payment is expected in July.

**Note 7 Restricted bank deposits, overdraft facilities**

<b>Restricted bank deposits</b>	<b>2015</b>	<b>2014</b>
Withheld employee taxes	3 520	3 608
Other restricted bank deposits	213	16 933
<b>Total</b>	<b>3 733</b>	<b>20 541</b>
<b>Overdraft facilities granted</b>	<b>2015</b>	<b>2014</b>
Unused bank overdraft	5 789	10 000
Unused loan facility CRDB Bank	167	59
<b>Total</b>	<b>5 956</b>	<b>10 059</b>

**Note 8 Balances with group companies, etc.**

	<b>Other long term receivables</b>		<b>Other receivables</b>		<b>Trade receivables</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Group companies	53 786	93 317	18 120	12 750	14 188	17 602
	<b>Other long term liabilities</b>		<b>Other liabilities</b>		<b>Trade creditors</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Group companies	0	0	0	12 500	1 557	2 213

**Transactions with group companies:**

The Company has been invoiced a total of TNOK 31 600 in purchased services from group companies included recharges of array.

The Company has invoiced a total of TNOK 3 417 in services to group companies, included recharges of array.

**Note 9 Pensions****OTP**

According to the Norwegian Accounting Act §7-30a, the Company is required to contribute to the compulsory pension benefit program "Obligatorisk tjenestepensjon (OTP)". The benefit contribution is charged as an expense through the fiscal year.

The Company has entered into a contribution-based pension arrangement that covers 65 employees. The pension arrangements meet with the requirements of the Accounting Act. Pensions expense for the year was TNOK 2.623.

**CP**

The Company participates in a LO/NHO arrangement that results in all employees having a choice to elect early retirement from the age of 62. There was a ruling which stated that this plan would be discontinued from February, 2010, and that it would only be possible to elect early retirement under the previous plan up until 31.12.2010. When the old plan was discontinued, a considerable funding deficit was identified. The deficit must be covered by the member companies continuing to make payments to the old plan for five years after discontinuation. The Company's share of the deficit is estimated to be TNOK 35, which has been allocated accordingly in the financial statements. The Company had no active retirees under the old plan per 31.12.2015.

The previous CP plan was replaced by a new CP plan. The new CP plan includes, as opposed to the previous one, an arrangement that provides a life-long contribution option to the ordinary pension. Employees can choose to take out the new CP plan when reaching 62 years in age, including while they are employed, which will provide further accrual until the age of 67. The new CP plan is a contribution-based multi-company plan and is financed through premiums calculated as a percentage of wages. The plan is classified in the accounts as a contribution-based pension scheme where the premium is recognised as incurred and no provisions are made in the accounts.

Annual premium fees for the new and old CP plans total TNOK 693.

**Note 10 Shareholders' equity**

Equity	Share capital	Share premium	Other paid-in equity	Retained earnings	Total
Equity 01.01.	6 000	6 325	1 236	187 401	200 962
Profit for the year	0	0	0	-17 142	-17 142
<b>Equity 31.12.</b>	<b>6 000</b>	<b>6 325</b>	<b>1 236</b>	<b>170 259</b>	<b>183 820</b>

**Note 11 Share capital and shareholder information**

The parent company Jacobsen Elektro Holding AS has its registered offices in Ringeriksveien 16, 3414 Lierstranda, where the consolidated accounts which include the company can be obtained.

The share capital of TNOK 6 000 consists of 6 000 000 shares with a nominal value of NOK 1 each.

List of shareholders at 31.12.	Number of shares	Ownership
Jacobsen Elektro Holding AS	5 988 000	99,8 %
Svein Haugen	6 000	0,1 %
Magnar S. Kristiansen	6 000	0,1 %
Total number of shares	6 000 000	100 %

**Note 12 Covenants**

In December 2015 Jacobsen Elektro changed main bank from Danske Bank to Swedbank. The loan and guarantee agreement with Swedbank stipulates, amongst other things, minimum equity in Jacobsen Elektro of minimum MNOK 190. As the equity was below this level by 31 December 2015 (183.8 MNOK) Swedbank has issued a waiver accepting a minimum equity of 180 MNOK that secures the bank relation and commitment onward.

**Note 13 Taxes****Calculation of deferred tax liability/asset**

<b>Temporary differences</b>	<b>2015</b>	<b>2014</b>
Fixed assets	-1 963	-2 073
Long term assets	11 900	6 125
Manufacturing contracts not completed at year end	144 537	170 410
Accounts receivable	-100	-26 297
Accrual AFP	0	-36
<b>Net temporary differences</b>	<b>154 374</b>	<b>148 130</b>
Tax losses carried forward	-55 041	-22 736
<b>Basis for deferred tax</b>	<b>99 333</b>	<b>125 394</b>
Deferred tax 25 %	24 833	33 856
<b>Deferred tax in the balance sheet</b>	<b>24 833</b>	<b>33 856</b>

Withholding tax (to incurred, not yet paid tax for Uganda)	-567	-567
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**Basis for income tax expense, changes in deferred tax and tax payable**

Profit before tax	-26 165	61 997
Permanent differences	105	135
<b>Basis for the tax expense for the year</b>	<b>-26 061</b>	<b>62 132</b>
Change in temporary differences	-6 244	6 318
Change in loss carryforward	32 305	-68 450
<b>Basis for tax payable in the income statement</b>	<b>0</b>	<b>0</b>
+/- Group contributions received/given	0	0
<b>Taxable income (basis for tax payable in the balance sheet)</b>	<b>0</b>	<b>0</b>

**Note 13 Taxes - continuance**

<b>Components of income tax expense</b>	<b>2015</b>	<b>2014</b>
Tax payable on this year's profit	0	0
Adjustment in respect of priors	0	0
<b>Total tax payable</b>	<b>0</b>	<b>0</b>
Change in deferred tax based on original tax rate	-7 036	16 776
Change in deferred tax due to change in tax rate	-1 987	0
<b>Tax expense</b>	<b>-9 023</b>	<b>16 776</b>
<b>Reconciliation of the tax expense</b>		
Profit before tax	-26 165	61 997
Calculated tax 27%	-7 065	16 739
Tax expense	-9 023	16 776
Difference	-1 958	36
The difference consists of:		
27% of permanent differences	28	36
Change in deferred tax due to change in tax rate	-1 987	0
Other	0	0
<b>Total differences</b>	<b>-1 958</b>	<b>36</b>
<b>Tax payable in the balance sheet</b>		
Tax payable in the tax charge	0	0
Tax effect of group contribution	0	0
<b>Tax payable in the balance sheet</b>	<b>0</b>	<b>0</b>

**Note 14 Operating income**

	2015	2014
Sales income	497 092	790 732
Other operational income	17 120	19
<b>Total</b>	<b>514 213</b>	<b>790 751</b>

<b>Activity distribution</b>	<b>2015</b>	<b>2014</b>
Project revenue	428 930	735 717
Service revenue	64 746	51 096
Intercompany	3 417	3 919
Gains from sale of land	17 000	0
Other income	120	19
<b>Total</b>	<b>514 213</b>	<b>790 751</b>

<b>Geographical distribution</b>	<b>2015</b>	<b>2014</b>
Norway	190 097	129 220
Ghana	67 264	185 751
Liberia	16 802	96 943
Tanzania	240 050	378 836
<b>Total</b>	<b>514 213</b>	<b>790 751</b>

**Note 15 Project expenses**

<b>Specification of project expenses:</b>	<b>2015</b>	<b>2014</b>
Cost of goods and raw materials	176 852	332 211
Payroll expenses	58 222	47 020
Depreciation	203	642
Other operating expenses	209 516	283 045
Interest expenses	8 543	0
<b>Total project expenses</b>	<b>453 337</b>	<b>662 918</b>

**Note 16 Payroll expenses, number of employees, remuneration, loans to employees, etc.**

<b>Payroll expenses</b>	<b>2015</b>	<b>2014</b>
Salaries/wages	69 912	64 456
Social security fees	10 103	8 916
Pension expenses	3 281	2 894
Other remuneration	1 771	1 828
Activated sales cost	-5 690	-6 039
Payroll expenses capitalised as contract expenses	-58 222	-47 020
<b>Total payroll expenses</b>	<b>21 155</b>	<b>25 035</b>

Average employees during the year: 90 94

<b>Remuneration to executives</b>	<b>Managing director</b>	<b>The Board of Directors</b>
Salaries/board of directors fee	2 197	0
Pension expenses	15	0
Other remuneration	181	0

The Managing Director is covered under the Company's ordinary pension plan and has a bonus agreement for the achievement of results over budget, limited to 6-months' salary. The Managing director has been paid a bonus of NOK 579 430 for the accounting year 2014. There is no bonus accrual for the accounting year 2015.

Board of Directors are remunerated from Jacobsen Elektro Holding AS

No loans/sureties have been granted to the Managing Director, the Chairman of the Board of Directors or other related parties.

<b>Audit fee</b>	<b>2015</b>	<b>2014</b>
Statutory audit (incl. technical assistance with financial statements)	628	666
Other assurance services	0	11
Tax advisory fee (incl. technical assistance with tax return)	50	50
Other assistance	0	0
<b>Total audit fees</b>	<b>678</b>	<b>727</b>

VAT is not included in the audit fee.



**Note 17 Specification of financial income and expense**

<b>Other financial income</b>	<b>2015</b>	<b>2014</b>
Gains financial assets	0	242
Foreign exchange gains	16 402	44 840
<b>Total</b>	<b>16 402</b>	<b>45 082</b>
<b>Other financial expense</b>	<b>2 015</b>	<b>2 014</b>
Foreign exchange losses	27 863	6 133
<b>Total</b>	<b>27 863</b>	<b>6 133</b>





To the Annual Shareholders' Meeting of Jacobsen Elektro AS

## **Independent auditor's report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Jacobsen Elektro AS, which comprise the balance sheet as at 31 December 2015, and the income statement, showing a loss of NOK 17 142 000 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 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 company'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 Jacobsen Elektro AS as at 31 December 2015, and 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, the going concern assumption and the proposal for coverage of the loss 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.

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Oslo, 31 May 2016

**PricewaterhouseCoopers AS**

A handwritten signature in blue ink, appearing to read 'Bjørn Rydland', is written over a horizontal line.

Bjørn Rydland

State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.