

**Aibel Finance Limited**

**Annual report and financial  
statements**

**Registered number 05983121**

**31 December 2016**

TUESDAY



\*A6DDEXJN\*

A13

22/08/2017

#123

COMPANIES HOUSE

## Contents

|  | <b>Page</b> |
|--|-------------|
| Strategic report   | 1           |
| Directors' report  | 2           |
| Statement of directors' responsibilities                             | 4           |
| Independent auditors' report to the members of Aibel Finance Limited | 5           |
| Statement of income and retained earnings                            | 7           |
| Statement of financial position                                      | 8           |
| Notes to the financial statements                                    | 9           |

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their strategic report for the year ended 31 December 2016.

### **PRINCIPAL ACTIVITY**

The principal activity of the company is that of a holding company. The company is a 100% subsidiary of Aibel Ltd, a company incorporated in England and Wales whose ultimate parent is Aibel Holding I AS.

### **BUSINESS REVIEW**

The results for the financial year show a loss before taxation of \$6,246,000 (2015: \$6,222,000). The company has net liabilities of \$52,531,000 (2015: \$46,285,000).

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company has put in a risk management policy to manage the financial risks to which it is exposed. The major financial risk factors are as follows:

- **Capital Risk**  
The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- **Impairment Risk**  
As a result of the investment in its subsidiary held by the Company, there is a risk that this could become impaired whereby the value in use would be less than the carrying value of the investment. The directors perform periodic impairment reviews and no impairment has been required for the year ended 31 December 2016.

### **FINANCIAL KEY PERFORMANCE INDICATORS**

Given the straightforward nature of the business; it is the opinion of the company's directors that application of analysis employing KPIs is not necessary to obtain an understanding of the development, performance and position of the business.

This report was approved by the board and signed on its behalf.



**J A Svensson**  
**Director**  
**30 June 2017**

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2016.

### RESULTS AND DIVIDENDS

The company made a loss for the financial year of \$6,246,000 (2015: \$6,222,000).

The directors do not recommend the payment of a dividend (2015: \$nil).

### FUTURE DEVELOPMENTS

The principal activity of the company is that of a holding company. The company is a 100% subsidiary of Aibel Ltd, a company incorporated in England and Wales whose ultimate parent is Aibel Holding I AS.

The company owns 100% of the shares of Aibel Group Limited.

Aibel Group Limited is the parent company of a group of companies serving the oilfield service and equipment sectors of the global oil and gas industry. It holds investments that operate in three main operating segments, Maintenance, Modifications & Operations, Process & Facilities and Sales & Products.

### GOING CONCERN

Notwithstanding net liabilities of \$52,531,000 (2015: *net liabilities of \$46,285,000*), the financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons: the company is dependent for its working capital on funding provided by Aibel Holding I AS, its ultimate parent company. Aibel Holding I AS has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

### FINANCIAL RISK MANAGEMENT

#### Objectives and Policies

The company's principal risk is asset impairment risk, especially related to impairment of the investments in subsidiaries. Another potential risk is capital risk in order to continue as a going concern

The Company is also exposed to a variety of financial risks, primarily indirectly through its investments. The company's overall risk management programme seeks to minimise potential risks for the Company. The board reviews and agrees policies for managing risks. The most important components of financial risk affecting the Company are price risk, interest rate risk, credit risk, liquidity risk, and foreign currency risk. Also see Principal risks in the Strategic Report.

#### Price risk

The Company is exposed to price risk as a result of its operations. In order to manage this exposure the Company seeks to secure fixed price agreements with suppliers.

#### Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. This risk is managed centrally by the finance team. The board is satisfied that the Company is not subject to significant liquidity risk at the year end.

#### Interest rate risk

The Company's income is substantially independent of changes in interest rates. The Company mainly finances its operations through borrowings from fellow group companies. The Company's borrowings are at rates determined centrally through the finance team.

## Directors' report (continued)

### Foreign currency risk

The Company is exposed to foreign exchange risk as a result of its operations. The Company does not manage its exchange rate risk at the individual company level. The policy of the group is to manage exchange rate risk on an overall group basis.

### DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

J A Svensson

M Baardseth (resigned 4 July 2016)

Simen Heyerdahl-Larsen Ausland (appointed 4 July 2016)

### DIRECTORS' INDEMNITIES

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The immediate parent company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of all group companies and their Directors.

### DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the board of directors on 30 June 2017 and signed on its behalf by:



**J A Svensson**  
*Director*

Station House  
50 North Street  
Havant  
Hants  
PO9 1QU

## ***Statement of directors' responsibilities in respect of the financial statements***

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ***Independent auditors' report to the members of Aibel Finance Limited***

## **Report on the financial statements**

---

### **Our opinion**

In our opinion, Aibel Finance Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- Statement of financial position as at 31 December 2016;
- Statement of income and retained earnings for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

---

## **Opinions on other matters prescribed by the Companies Act 2006**

---

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

---

## **Other matters on which we are required to report by exception**

---

### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

---

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

---

## Responsibilities for the financial statements and the audit

---

### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---

### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Kevin Godfrey (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Southampton

3 August 2017



**Statement of income and retained earnings**  
*for the year ended 31 December 2016*

|   | <i>Note</i> | <b>2016</b>      | <b>2015</b>      |
|---|-------------|------------------|------------------|
|   |             | <b>\$000</b>     | <b>\$000</b>     |
| Administrative expenses   |             | (16)             | (9)              |
| <b>Loss before interest and taxation</b>                          | <b>2</b>    | <b>(16)</b>      | <b>(9)</b>       |
| Finance cost  | 4           | (6,230)          | (6,213)          |
| <b>Loss before taxation</b>                                       |             | <b>(6,246)</b>   | <b>(6,222)</b>   |
| Income tax expense  | 5           | -                | -                |
| <b>Loss for the financial year</b>                                |             | <b>(6,246)</b>   | <b>(6,222)</b>   |
| <b>Accumulated losses, at the beginning of the financial year</b> |             | <b>(272,633)</b> | <b>(266,411)</b> |
| <b>Accumulated losses, at the end of the financial year</b>       |             | <b>(278,879)</b> | <b>(272,633)</b> |

All of the results above derive from continuing operations.

There are no profits or losses other than the above that would be included in the statement of comprehensive income.

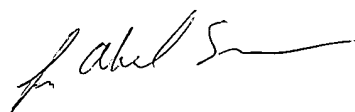
## Statement of financial position

As at 31 December 2016

|                                     | <i>Note</i> | <b>2016</b><br><b>\$000</b> | <b>2015</b><br><b>\$000</b> |
|-------------------------------------|-------------|-----------------------------|-----------------------------|
| <b>Assets</b>                       |             |                             |                             |
| <b>Non-current assets</b>           |             |                             |                             |
| Investments                         | 6           | 102,008                     | 102,008                     |
| <b>Current assets</b>               |             |                             |                             |
| Cash and cash equivalents           |             | 4                           | 6                           |
| <b>Total assets</b>                 |             | <b>102,012</b>              | <b>102,014</b>              |
| <b>Equity and Liabilities</b>       |             |                             |                             |
| <b>Equity</b>                       |             |                             |                             |
| Called up share capital             | 7           | 100                         | 100                         |
| Share premium account               | 8           | 49,876                      | 49,876                      |
| Capital contribution reserve        | 8           | 176,372                     | 176,372                     |
| Accumulated losses                  | 8           | (278,879)                   | (272,633)                   |
| <b>Total equity</b>                 |             | <b>(52,531)</b>             | <b>(46,285)</b>             |
| <b>Liabilities</b>                  |             |                             |                             |
| <b>Current liabilities</b>          |             |                             |                             |
| Trade and other payables            | 9           | 154,543                     | 148,299                     |
| <b>Total liabilities</b>            |             | <b>154,543</b>              | <b>148,299</b>              |
| <b>Total equity and liabilities</b> |             | <b>102,012</b>              | <b>102,014</b>              |

The notes on pages 9 to 17 form part of these financial statements

The financial statements on pages 7 to 17 were approved by the board of directors on 30 June 2017 and were signed on its behalf by:



**J A Svensson**  
Director

## Notes to the financial statements

### 1 Accounting policies

#### *General information*

Aibel Finance Limited ("the Company") is a private company limited by shares and it is incorporated and domiciled in the United Kingdom. The address of its registered office is Station House, 50 North Street, Havant, Hants PO9 1QU. The registered number of the Company is 05983121.

The principal activity of the company is that of a holding company.

#### *Statement of compliance*

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. The Company has also early adopted the amendments to FRS 102 (issued in July 2015).

#### *Summary of significant accounting policies*

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **a. Basis of preparation**

These financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The financial statements have been prepared in accordance with FRS 102.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in policy "Critical accounting judgements and key sources of estimation uncertainty" included within this note.

The company is a wholly-owned subsidiary of Aibel Holding I AS and is included in the consolidated financial statements of Aibel Holding I AS which are publicly available. The company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Notwithstanding net liabilities of \$52,531,000 (2015: net liabilities of \$46,285,000), the financial statements have been prepared (as stated above) on a going concern basis, which the directors believe to be appropriate for the following reasons:

- The company is dependent for its working capital on funding provided by Aibel Holding I AS, its ultimate parent company. Aibel Holding I AS has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### **b. Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with the use of exemptions by the Company's shareholders.

A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of Aibel Holding I AS which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

#### **c. Foreign currencies**

##### *i) Functional and presentation currency*

The Company's functional is US dollars and presentation currency is the US dollars.

##### *ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings.

#### **d. Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of income and retained earnings. Current or deferred taxation assets and liabilities are not discounted.

##### *i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### d. Taxation (continued)

##### ii) *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### e. Investments

Investments are stated at cost, less any provision for impairment in value. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

#### f. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

#### g. Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### i) *Financial assets*

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income and retained earnings.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of income and retained earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### ii) *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### **g. Financial instruments (continued)**

##### *ii) Financial liabilities (continued)*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivatives financial instruments.

##### *iii) Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

#### **h. Related party transactions**

As the Company is a wholly owned subsidiary of Aibel Holding I AS, the Company has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 "Related Party Disclosures" and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Aibel Holding I AS, within which this Company is included, can be obtained from the address given in note 12.

#### **i. Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The directors consider that the key source of estimation uncertainty is the recoverability of the carrying value of investments in subsidiaries. This is expected to be recovered through the carrying value of the assets of the subsidiaries, and through the cash generated by Egyptian Maintenance Company, which is partially owned within the group and continues to generate profits.

## Notes to the financial statements (continued)

### 2 Loss before interest and taxation

Loss before interest and tax is stated after charging:

|                   | 2016<br>\$000 | 2015<br>\$000 |
|-------------------|---------------|---------------|
| Professional fees | 7             | 7             |
| Audit fee         | 5             |               |
|                   | <u>12</u>     | <u>7</u>      |

#### *Auditors' remuneration:*

|                                     | 2016<br>\$000 | 2015<br>\$000 |
|-------------------------------------|---------------|---------------|
| Audit of these financial statements | <u>5</u>      | <u>2</u>      |

Fees paid to the Company's auditors, PricewaterhouseCoopers LLP and its associates for services other than the statutory audit of the Company are not disclosed in these financial statements, since the consolidated group financial statements of the ultimate parent undertaking, Aibel Holding I AS, disclose the non-audit fees on a consolidated basis.

### 3 Directors' emoluments and employee information

The emoluments of all directors are paid by the parent company. Their services to this Company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no emoluments in respect of the directors (2015: \$nil).

There are no directors (2015 – none) to whom retirement benefits are accruing under the money purchase pension scheme.

The company had no employees during the year ended 31 December 2016 (2015: Nil), thus no payroll expenses have been incurred in either the current or prior year.

### 4 Finance costs

|   | 2016<br>\$000 | 2015<br>\$000 |
|---|---------------|---------------|
| Interest payable to other group companies | 6,230         | 6,213         |
|   | <u>6,230</u>  | <u>6,213</u>  |

## Notes to the financial statements (continued)

### 5 Income tax expense

|   | 2016<br>\$000 | 2015<br>\$000 |
|---|---------------|---------------|
| UK corporation tax on loss for the year at 20.00% (2015 – 20.25%) | -             | -             |
| Deferred taxation – current year                                  | -             | -             |
| Total tax credit  | -             | -             |

Finance (No. 2) Act 2015 was substantively enacted on 26 October 2015 and reduced the main rate of corporation tax in the UK to 19% from 1 April 2017. Finance Act 2016 was substantively enacted on 6 September 2016 and reduced the main rate of corporation tax in the UK to 17% with effect from 1 April 2020. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been substantively enacted at the balance sheet date.

#### *Factors affecting the tax credit for the current year*

The tax credit for the year is lower (2015: lower) than the standard rate of corporation tax in the UK 20.00% (2015: 20.25%). The differences are explained below:

|  | 2016<br>\$000 | 2015<br>\$000 |
|--|---------------|---------------|
| <i>Loss before taxation</i>  | (6,246)       | (6,222)       |
| Loss before taxation multiplied by standard rate of corporation tax in UK of 20.00% (2015: 20.25%) | (1,249)       | (1,260)       |
| Effects of:  |               |               |
| Deferred tax asset not recognised  | 1,249         | 1,260         |
| Total tax credit   | -             | -             |



## Notes to the financial statements (continued)

### 6 Investments

|   | <b>2016<br/>\$000</b> |
|---|-----------------------|
| <i>Cost</i>                                 |                       |
| As at 1 January 2016 and 31 December 2016   | 282,064               |
| <i>Provision for impairment</i>             |                       |
| As at 1 January 2016 and 31 December 2016   | 180,056               |
| <i>Net book value</i>                       |                       |
| As at 31 December 2015 and 31 December 2016 | <b>102,008</b>        |

The table below sets out the name, country of registration, ownership interest and primary business activity of the company's direct subsidiary. The subsidiary holdings are ordinary shares.

| Company name        | Country of registration | Ownership            | Book value investment \$000 | Primary business activity |
|---------------------|-------------------------|----------------------|-----------------------------|---------------------------|
| Aibel Group Limited | United Kingdom          | 100% ordinary shares | 102,008                     | Holding company           |

Company address: Aibel Group Limited, Station House, 50 North Street, Havant, Hants PO9 1QU

The directors have reviewed the carrying value of the company's investments as at 31 December 2016. The carrying value of the investments had been previously written down to \$102,008,000 in prior years. The subsidiary company had net assets of \$155,514,000 (2015: \$148,987,000).

#### Indirect ownership:

As of 31 December 2016, Aibel Finance Limited holds shares of the following companies indirectly:

| <i>Subsidiary undertakings</i>   | <b>Country of incorporation</b> | <b>Principal activity</b>   | <b>Percentage of shares held</b> |
|--|---------------------------------|---|----------------------------------|
| Aibel Holding Limited<br>Address: See Aibel Group Limited  | United Kingdom                  | Holding Company   | 100%                             |
| <b>The following entities are owned by Aibel Holding Limited</b>   |                                 |   |                                  |
| Aibel Australia Pty Limited<br>Dormant<br>c/o Jackson McDonald,<br>Level 17, 225 St Georges Terrace,<br>Perth,<br>Western Australia 6000 | Australia                       | Maintenance, modification and operation of existing production facilities | 100%                             |
| Aibel Kazakhstan LLP<br>Due to be liquidated<br>Atyrau<br>Satpayev street 15 B,<br>Republic of Kazakhstan                                | Kazakhstan                      | Maintenance, modification and operation of existing production facilities | 100%                             |
| Empresa Angolana de Metalomecanicas SARL<br>Due to be liquidated<br>5.Avenida,<br>Municipio da Cazenga,<br>Angola                        | Angola                          | Maintenance, modification and operation of existing production facilities | 100%                             |

## Notes to the financial statements (continued)

### 6 Investments (continued)

| <i>Subsidiary undertaking</i>  | <b>Country of incorporation</b> | <b>Principal activity</b>   | <b>Percentage of shares held</b> |
|--|---------------------------------|---|----------------------------------|
| MMO Services Nigeria Ltd<br>Due to be liquidated<br>22 Gerrard Road,<br>Ikoyi, Lagos, Nigeria. | Nigeria                         | Maintenance, modification and operation of existing production facilities | 100%                             |

*Post address for all the above companies are: c/o Aibel Holding Ltd, c/o Morris Crocker Ltd, Station House, 50 North Street, Havant, P09 1QU, England*

### Joint Ventures (Owned by Aibel Holding Limited)

|                              | <b>Country of incorporation</b> | <b>Principal activity</b>   | <b>Percentage of shares held</b> |
|------------------------------|---------------------------------|---|----------------------------------|
| Egyptian Maintenance Company | Egypt                           | Maintenance, modification and operation of existing production facilities | 50%                              |

### 7 Called up share capital

|  | <b>2016<br/>\$000</b> | <b>2015<br/>\$000</b> |
|--|-----------------------|-----------------------|
| <b>Allotted, issued and fully paid:</b>                    |                       |                       |
| 9,995,280 (2015: 9,995,280) ordinary shares of \$0,01 each | <b>100</b>            | <b>100</b>            |

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

### 8 Reconciliation of movements in equity shareholders' funds

|                                 | <b>Share premium account<br/>\$000</b> | <b>Capital contribution reserve<br/>\$000</b> | <b>Profit and loss account<br/>\$000</b> |
|---------------------------------|--|---|--|
| As at the beginning of the year | 49,876                                 | 176,372                                       | (272,633)                                |
| Loss for the financial year     | -                                      | -   | (6,246)                                  |
| <b>As at end of year</b>        | <b>49,876</b>                          | <b>176,372</b>                                | <b>(278,879)</b>                         |

## Notes to the financial statements (continued)

### 9 Trade and other payables

|                                    | 2016<br>\$000  | 2015<br>\$000  |
|------------------------------------|----------------|----------------|
| Amounts owed to group undertakings | 154,539        | 148,287        |
| Accruals and deferred income       | 4              | 12             |
|                                    | <u>154,543</u> | <u>148,299</u> |

Included in amounts owed to group undertakings are loans amounting to \$87,559,000 (2015: \$87,534,000) which are payable on demand and are unsecured. These loans bore interest at the company's cost of funds, which was 7.0% per annum during 2016 (2015: 7%). At 31 December 2016 the total unpaid interest was \$66,980,000 (2015: \$60,753,000).

### 10 Deferred tax asset

A deferred tax asset of \$15,463,496 (2015: \$15,280,118) arising on losses, has not been recognised at 31 December 2016 as the company is not expected to generate a taxable profit in the foreseeable future.

### 11 Contingencies

The Company is a participant in a group banking arrangement under which it has issued an unlimited guarantee to support those group facilities.

### 12 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Aibel Ltd.

The ultimate parent undertaking and controlling party is Aibel Holding I AS, a company registered in Norway.

Aibel Holding I AS is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2016. The consolidated financial statements of Aibel Holding I AS are available from its offices at Vestre Svanholmen 14, 4313 SANDNES, Norway.

No other company below Aibel Holding I AS, the ultimate parent undertaking, consolidates these financial statements at 31 December 2016.