



ANNUAL REPORT **2015**

BRUNVOLL

TRUSTED WORLD WIDE

Head Office
Brunvoll AS
Eikremsvingen 2
NO 6422 Molde
Norway

E-mail
Office@Brunvoll.no

Phone
+47 71 21 96 00

CONTENTS

Brunvoll in brief.....	4-7
Chairman's Statement.....	8-9
CEO Letter.....	10-11
Presentation of the Board.....	12-13
Presentation of the Corporate Management.....	14-17
Directors' Report.....	18-21
Gina Krog - An exciting and demanding project.....	22-23
Meet some of us.....	24-25
Attracting young and local talents.....	26-27
BruCon 4 - 4th generation control system.....	28-29
50 years as a thruster manufacturer.....	30-31
Brunvoll Competence Center.....	32-33
HSEQ.....	34-35
Corporate Highlights.....	36-37
Income Statement.....	38
Balance Sheet.....	39-40
Cash Flow Statement.....	41
Notes.....	42-53
Auditor's Report.....	54-55





BRUNVOLL IN BRIEF

We are a single-source supplier and take full responsibility for the whole Thruster System. We provide fully integrated thruster solutions with drive motors, hydraulic power units, control, alarm and monitoring system. Each system can be optimized to meet the needs of the individual vessel and operation. We offer electric and diesel drive systems and we provide service and support for the lifetime of the Thruster System.

Business Concept

Design, manufacturing, sales and service of Thruster Systems for manoeuvring and propulsion of advanced vessels.

Vision

Trusted World Wide

Company Structure

The Group's operations are conducted through Brunvoll AS, while all of our properties have been spun off into separate real estate companies, which are sister companies to Brunvoll AS. All the companies are wholly owned by Brunvoll Holding AS, the parent company of the Group. The parent company has been owned by the Brunvoll family since its establishment in 1912, and the ownership is now in the 3rd and 4th Brunvoll generation. We have organized our operations into two segments: New Sales and After-Sales service.

Product History

During the first 55 years of the company's history, the product base consisted of low-pressure semi-diesel engines, mainly for fishing vessels. When high-speed diesel engines manufactured on a large scale took over the market in the mid-1960s, the company found a market niche in thrusters for manoeuvring. Since then, Thruster Systems have been the basis for our business.

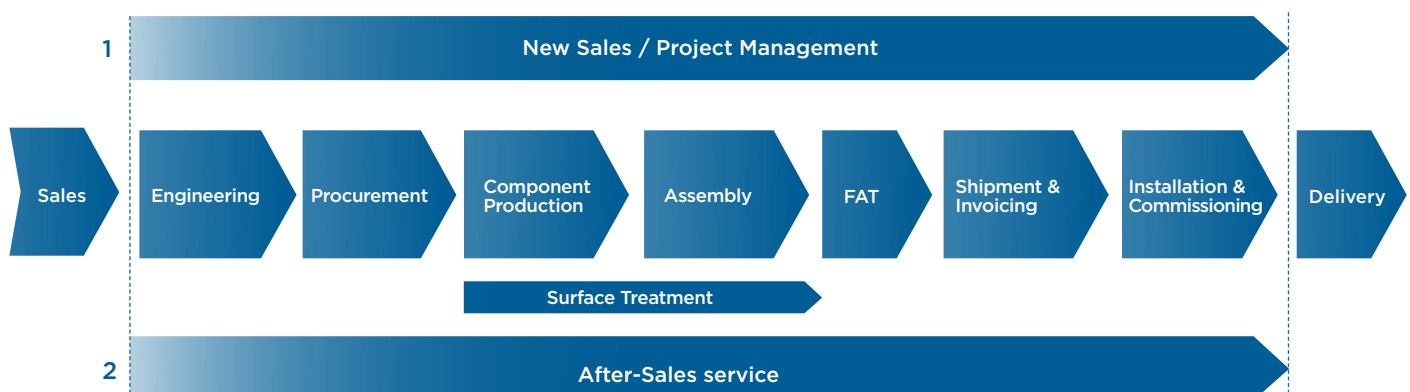
With Thruster Systems as Brunvoll's product area, we had already defined our market as global by the early 1970s. We decided to focus on specific vessel types with specialized needs, rather than all vessel types in a geographically defined area.

We have developed strong market positions within the following types of vessels:

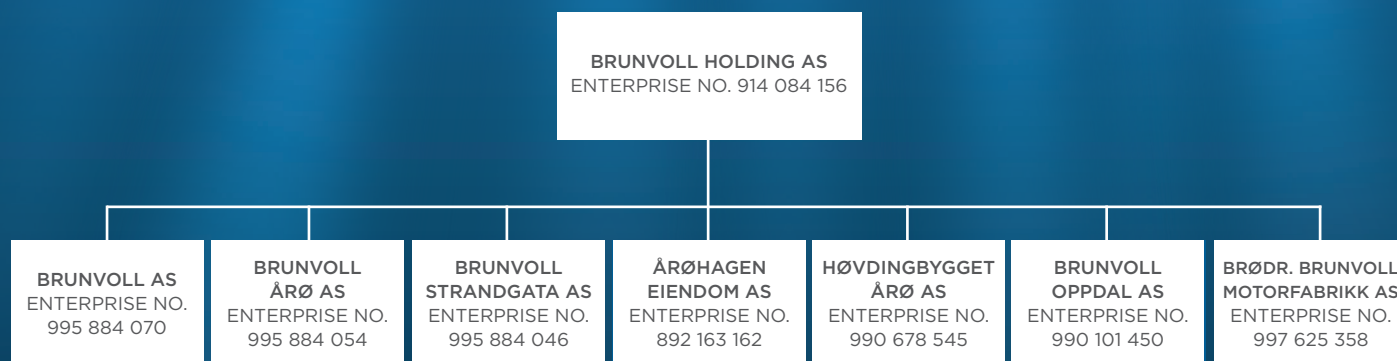
- Offshore Support Vessels
- Shuttle Tankers
- Seismic Vessels
- Advanced Fishing Vessels
- Live Fish Carriers
- Cruise Ships
- Mega Yachts
- Naval Vessels

The company is currently represented through agents in 26 countries, all situated in markets where advanced vessels are built, owned, designed or maintained.

OUR VALUE CHAIN



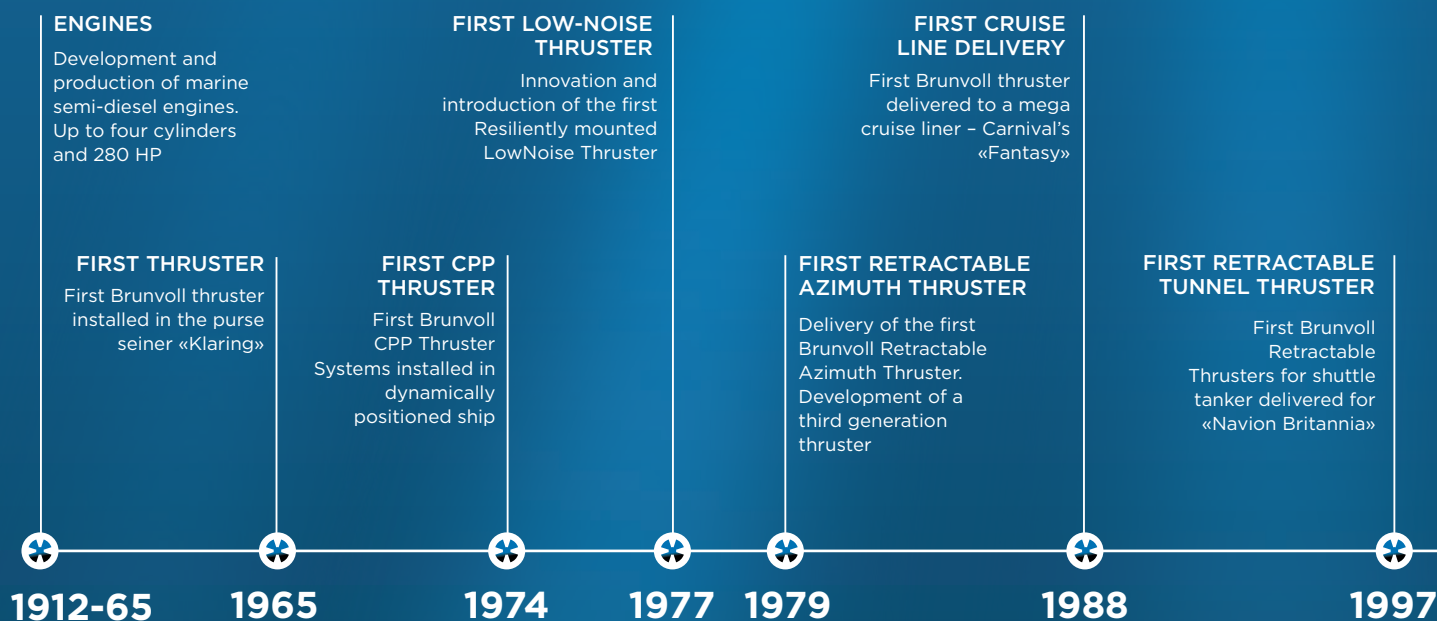
GROUP STRUCTURE



FINANCIAL HIGHLIGHTS

NOK 1000	2011	2012	2013	2014	2015
Revenue	744 846	986 246	916 002	827 471	767 713
Profit & loss					
Operating profit	118 236	155 886	65 884	67 009	64 308
Earnings before taxes	118 109	144 693	64 701	67 436	61 460
Earnings after taxes	84 874	104 267	46 098	49 095	43 924
Margins					
Operating profit	15.9%	15.8%	7.2%	8.1%	8.4%
Earnings before taxes	15.9%	14.7%	7.1%	8.1%	8.0%
Earnings after taxes	11.4%	10.6%	5.0%	5.9%	5.7%
Balance sheet					
Total assets	841 048	897 149	859 185	916 703	1 058 169
Total equity	425 228	493 099	521 917	546 172	565 256
Equity share	50.6%	55.0%	60.7%	59.6%	53.4%
Long-term liabilities	51 864	44 070	67 709	62 955	83 976
Short-term liabilities	363 956	359 980	269 559	307 576	408 937
Total liabilities	415 820	404 050	337 268	370 531	492 913
Cash flow					
Operations	50 813	65 755	53 352	151 880	66 180
Investments	-74 658	-44 756	-87 836	-60 011	-139 579
Financial activities	-21 127	-40 435	-14 734	1 558	59 659
Net cash flow	-44 972	-19 436	-49 218	93 427	-13 740

BRUNVOLL IN BRIEF



INFORMATION

Established - 1912
Address: Eikremsvingen 2
NO 6422 Molde

Phone: +47 71 21 96 00
E-mail: Office@Brunvoll.no
Web: brunvoll.no

BOARD BRUNVOLL AS

Arthur Brunvoll
Chairman

Karl Brunvoll
Deputy Chairman

Andreas Brunvoll
Board Member

Trond Brunvoll
Board Member

Ola Brunvoll
Board Member

Jon Magnus Sandvik
Board Member
Employee representative

Helen Male
Board Member
Employee representative

Ole Magnus Hjellset
Board Member
Employee representative

MANAGEMENT TEAM BRUNVOLL AS

Odd Tore Finnøy
President / CEO

Knut Andresen
Executive Vice President Engineering and R&D

Per Olav Løkseth
Vice President Sales & Marketing

Kåre Øyvind Vassdal
CFO & Vice President Finance, Accounting & ICT

Marthe Outzen
Vice President Human Resources

Inger Helene Hals
Vice President Health, Safety,
Environment & Quality

Magne Gøran Lyngstad
Vice President Manufacturing & Supply Chain

Kjetil Hovde
Vice President After-Sales Service

RETRACTABLE AZIMUTH COMBI THRUSTER SYSTEM

Introduction of Brunvoll Azimuth Combi Thruster System (A special version of the Retractable Azimuth - the Combi Azimuth / Tunnel Thruster)

NEW GENERATION TUNNEL THRUSTERS

Introduction of the new generation Brunvoll Tunnel Thrusters FU74 800-1400kW, FU93 1400-2200kW, FU115 2000-3500 kW

CONDITION MONITORING SYSTEM

Installation of the first Condition Monitoring System on board a mega cruise liner

RIM-DRIVEN THRUSTER SYSTEM

Installation of the 810kW Rim Driven Thruster System (RDT) in the platform supply vessel «Edda Fram», owned by Østensjø Rederi AS

TRUNK-MOUNTED RETRACTABLE AZIMUTH THRUSTER

Introduction of trunk mounted Retractable Azimuth Thruster for afloat maintenance

4TH GENERATION BRUCON

First delivery of the 4th generation Brunvoll Thruster Control, Alarm and Monitoring System (BruCon)

2002

2007

2008-11

2012

2014

2015

MANAGEMENT TEAM BRUNVOLL HOLDING AS

Terje Dyrseth
Chief Executive Officer

Olav Myrland
Chief Financial Officer

BANK

DNB Bank ASA

EMPLOYEES

333

AUDITORS

BDO AS

BOARD BRUNVOLL HOLDING AS

Arthur Brunvoll
Chairman

Tone Brunvoll
Deputy Chairwoman

Karl Brunvoll
Board Member

Arnljot Brunvoll
Board Member

Trond Brunvoll
Board Member

CHAIRMAN'S STATEMENT

Global Reach from Molde



Since the seventies, the Brunvoll strategy has been to develop products and concepts that have international market potential – and to build these products in Norway. In 2015, eighty-five per cent of our revenues came from exports indirectly or directly.

This solid international market penetration and development is made possible by an integrated agent team representing Brunvoll in all corners of the world. This has given a distribution of sales in several markets that provides continued opportunities for growth, at the same time as it spreads market risk and reduces dependence on individual markets and customers.

For Brunvoll, business risk relates to economic cycles, market conditions, competition and changes in the competitive climate, as well as general patterns in the markets in which the company operates.

We are aware of the challenges posed by such changes, and seek to meet them through the constant improvement of our products, production methods, sourcing, marketing concepts, skills set, development and business relations. Brunvoll continues to invest in new technology and intellectual capital in order to stay ahead of its competitors and remain competitive, on the basis that the solutions, development and production takes place in Molde.

In the spring of 2016 we are moving into our newly enhanced Brunvoll Competence Center where we gather the rest of our operations. This means that all parts of the company is within walking distance, integrating all functions even more for the benefit of all stakeholders in Brunvoll.

Since its establishment in 1912 Brunvoll has played an important role in the local community, and has been conscious of the social responsibility this entails. A sustainable Brunvoll takes responsibility for the individuals and communities which are affected by its business activities, at the same time as it ensures profitability and financial security. This responsibility is part of the company's values and affects our entire value chain – from product development and manufacture, sales and service through a long product lifetime.

At Brunvoll, we are convinced that our long-term strategies and sustainability will be beneficial for our customers, employees, government, community and owners.

Our intention is to continuously develop our company along these lines together with our customers and partners.

Best regards,

A handwritten signature in blue ink, which appears to read 'Arthur Brunvoll'.

Arthur Brunvoll



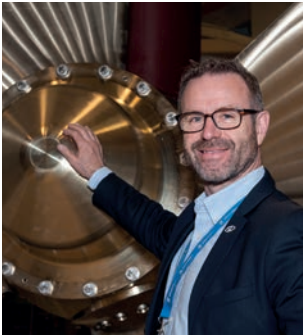
MFK is experiencing Brunvoll as a long-term and reliable partner who is genuinely interested in maintaining and developing the positive interaction between the company, our club and the local community.

- Oddvar Talset, Director of Marketing in Molde Football Club



CEO LETTER

Brunvoll in the world



We live in a time of big changes and rapid restructuring pace. The fall in the oil price in 2015 and into 2016 has affected the entire Norwegian business community and will most likely continue to affect us for years to come. The digitalization of the goods and services is leading to new and disruptive product solutions and business models, which will affect all sectors and all markets. For the first time in history we also have a global climate agreement in place, which sends clear signals to the business community and investors that realignment to the Low Emission Society starts now. In this landscape, Brunvoll will continue to orient itself to take a significant market position. This gives us both opportunities and challenges and demands that we are well informed, willing to adapt and flexible.

So far Brunvoll has managed relatively well in the most difficult market situation to occur in decades. We have solid market positions in several segments of shipping which are not negatively affected by low oil prices. We are also experiencing constantly high activity in the After-Sales service market.

We still have a revenue decline of about 7 % from 2014 to 2015, mainly caused by the offshore segment (Offshore Support Vessels). This segment has given us relatively large projects whereas the projects from other segments in the industry will not result in the same sales volume in the short term. However, with dedicated efforts to reduce costs, we have marginally increased the profit margin to 8.4 % (EBIT) in spite of revenue decline. In 2015, we generated a cash flow of MNOK 66 from operating activities, and we have a good liquidity situation.

Adaptation to a market with lower revenue through 2015 has made it necessary to reduce the cost level in order to ensure our competitiveness. This work has continued into 2016, where it also has been necessary to reduce staffing by 20 positions, in addition to natural attrition. This restructuring process has taken place in close dialogue with the employee representatives.

Strategic guidelines

In our revised strategy plan, we have provided guidelines for the coming years. The guidelines are all primarily pointed out,

because they will strengthen the company through the difficult market conditions, either by contributing to reduce costs, increase productivity, enhance market position or generate new revenue. The reduction in costs and staffing that are being conducted will ensure that we still maintain our strategic guidelines, including increased investment in innovation of product and sales concepts. It will work in parallel with several major product development projects to be launched in 2016 and 2017. Brunvoll is also conducting several major research projects with external research institutes, several with funding support from the Research Council of Norway (NFR).

The Strategy Plan enforces the positioning of Brunvoll in a changing market with high restructuring pace. We see the opportunities associated with the further automation of processes, new product solutions and services, increased use of robotic solutions and sensory science. This is often referred to as “the fourth industrial revolution”, Industrie 4.0 or “Industrial Internet.” Brunvoll has made significant investments in this area over the last few years, and is well positioned to take further steps in this direction. But we have to be very assiduous, because many industrialized nations and individual businesses are working with large development programs within the same theme. The strategy also reflects room for opportunity for Brunvoll related to global climate goals, resource shortages and so-called green growth. We see that a sustainable world also needs our products and we will, through significant R&D efforts and large innovation projects, continuously improve our products and processes, to ensure that we are competitive in the Low Emissions Society.

New management system

A large project through 2015 and into 2016 has been building up a new and integrated management system with governing documents of quality, safety and external environment and in Spring 2016 certification acc. ISO 9001, ISO 14001 and OHSAS 18001. It is a main point that the management system shall be readily accessible, user-friendly, process-based and educational. The management system is therefore embedded to our net based social interaction tool and it is extensively used in flowcharts of process descriptions.



Motivated Employees

Our employees are the company's most important resource and if managed correctly, Brunvoll's corporate culture has the potential of being our greatest competitive advantage. This is largely expressed in the company's vision of "Trusted World Wide." It is of essential importance that employees experience a high level of job satisfaction and motivation, and that Brunvoll is perceived as an attractive workplace for talented and skilled employees. To monitor the status and further develop our human resources, we have partnered with "Great Place to Work® Institute" and use their methodology to measure how employees perceive the company's credibility, respect, fairness, pride and company fellowship. Our long-term goal is to be among the top 10 companies in Norway. The first measurement was conducted in 2014 and repeated in 2015. The measurements provide input to the targeted measures, and this works. The 2015 employee survey showed a 10 percentage points average improvement in all dimensions, but being an ambitious employer there is still room for improvement.

Colocation at Årø

A major milestone for Brunvoll this Spring is that we once again become a company where all functions are gathered in one place. The Factory Organization, engineering and the administrative functions are all collocated at Årø with the establishment of a new office building on the opposite side of the road from the factory. The buildings are connected by a footbridge to facilitate more interaction and to give a sense of community. The consolidated buildings will be named Brunvoll Competence Centre. The colocation will be an important factor for realizing a more rational and efficient supply chain and an even more coordinated and productive corporate culture.

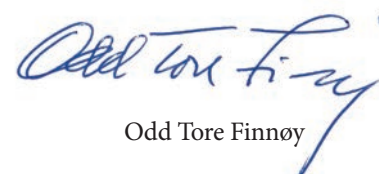
Advanced collaboration and extensive R&D activity

As a strategic measure, Brunvoll is an active participant in the competence cluster iKuben. iKuben has successfully shown that businesses benefit from great advantages by working with R&D projects, where several of the network's companies work together with the involved research cluster. Joint R&D projects is perhaps the most difficult topic a business cluster can work with, but iKuben have found the recipe for success. The level of cooperation in iKuben is so good that the cluster aims to move on from an Arena status to apply to become a Norwegian Centre of Expertise (NCE). The topic for the further development of the cluster is just common measures within the fourth industrial revolution referred to above. Specialty designation used by iKuben is "Industrial Internet", covering also environment and sustainability.

Long-term planning

With long-term planning and a willingness to invest, as shareholders of Brunvoll demonstrate, and the development-oriented strategy adopted, we show that we are investing aggressively even in a difficult market situation. We see exciting development for the company in a world of rapid rate of change.

Best regards,



Odd Tore Finnøy



Arthur Brunvoll (1953)
Chairman of the Board Brunvoll AS
Chairman of the Board Brunvoll Holding AS

Arthur Brunvoll has a Master of Science degree in Economics and Business Administration from BI Norwegian Business School in 1977 and received management training through IBM's development programmes. He has 38 years' experience from IBM in Norway and the Nordic countries and has had a number of managerial positions such as technical director, sales director, head of IBM Global Services and the head of IBM's PC Division in Norway. He lives in Kolbotn and has been Chairman of the Board since 2002.

Board of Directors

BRUNVOLL AS

BRUNVOLL HOLDING AS



Karl Brunvoll (1960)
Vice Chairman of the Board Brunvoll AS /
Board Member Brunvoll Holding AS

Karl Brunvoll is educated at Møre og Romsdal/Nordland regional colleges and Oslo School of Management. He has worked internationally in the professional audio industry for more than 30 years, and is VP, International Sales for US loudspeaker manufacturer Renkus-Heinz. He lives in Molde and has been a Board member of Brunvoll AS from 2008 and Brunvoll Holding AS since 2010.



Trond Brunvoll (1954)
Board Member Brunvoll AS /
Board Member Brunvoll Holding AS

Trond Brunvoll graduated from the Officer Cadet School and has a trade certificate as a Mechanic - followed by technical college and engineering education. He has additional education in safety management as well as HR and financial subjects. He works as a Senior Assessor and Lead Auditor at DNV GL Business Assurance (from 2013) since leaving his position as Director of QHMS at Brunvoll AS in 2012. He also has a previous career background from Rieber & Søn ASA and from the Norwegian Army with the final rank of Major in 2009. He lives in Bergen and has been a Board member of Brunvoll AS from 2000 and of Brunvoll Holding AS since 2010.



Arnljot Brunvoll (1944)
Board Member Brunvoll Holding AS

Arnljot Brunvoll graduated with a Master of Science in Engineering Physics from the Norwegian Institute of Technology in 1970. After completing military service at the Norwegian Defence Research Establishment in 1971, he joined the electro-optics division at Simonsen Radio AS / Simrad Optronics AS as a development engineer. He then worked at Glamox as the Head of Development for 3 years, then as Head of Logistics and ICT. Since 1987 he has run his own IT company, Brunvoll IT System AS. He lives in Molde and has been a director of Brunvoll companies since 1983 and Chair of the Board from 1986 to 2002.



Tone Brunvoll (1965)
Deputy Chairwoman
Brunvoll Holding AS

Tone Brunvoll graduated in Business Administration from the University of Oregon in 1988. She works as Head of Section in the Management and Strategy staff of the Norwegian Public Roads Administration Central Region and has previous work experience from the municipal and state sector through the Municipality of Oslo and the County Governor of Møre og Romsdal. She lives in Molde and has held directorships in the Brunvoll system since 2001. She is currently a Board Member of Brunvoll AS and Deputy Chairwoman of the Board of Brunvoll Holding AS.



Ola Brunvoll (1973)
Board Member Brunvoll AS

Ola Brunvoll graduated as a Master of Science in Engineering from the Norwegian University of Science and Technology (NTNU) in Trondheim, Department of Production and Quality Engineering. Since 2005, he has been Purchasing and Production Manager for the offshore crane manufacturer MacGregor. He also has a background as a Project Manager in the consulting company Hands (2001-2005) and Logistics Coordinator for the shipyard Umoe Mandal (1998-2001). He lives in Mandal and has been a Board Member at Brunvoll AS since 2012.



Andreas S.T. Brunvoll (1973)
Board Member Brunvoll AS

Andreas Brunvoll graduated as a Master of Science in Engineering from the Norwegian University of Science and Technology (NTNU) in Trondheim in addition to a Master of Business Administration (MBA) from BI. Since 2013, he has been the Group Deputy CIO of South-Eastern Regional Health Authority, responsible for the health authority's IT strategy and project portfolio. Previously, he worked as a consultant within large organizations in the field of technology and strategy. He lives in Bærum and has been a Board member at Brunvoll AS since May 2015.



Jon Magnus Sandvik (1967)
Board Member Brunvoll AS
(Employee Representative)

Jon Magnus Sandvik is educated as a Mechanic with additional education in welding and industrial management as well as a number of production-oriented courses. He works as Foreman in the Assembly Department and has held several positions in Brunvoll since 1995. Prior to joining Brunvoll, he gained experience in grinding and foundry work at Oshaug Metall and in surface treatment at Brown Engineering. He lives in Molde and has been a Board Member at Brunvoll AS since 2011.



Ole Magnus Hjellset (1984)
Board Member Brunvoll AS
(Employee Representative)

Ole Magnus Hjellset graduated as a Master of Science in Engineering from the Norwegian University of Science and Technology in 2009 after completing his Master's Thesis on condition monitoring of manoeuvring and propulsion propellers for vessels, which was written for Brunvoll. He works as Department Engineer and Project Manager for a project at the Development Department and has previously worked as a Project Engineer (2009-2014). He lives in Molde and has been a Board Member at Brunvoll AS since 2013.



Helen Male (1955)
Board Member Brunvoll AS
(Employee Representative)

Helen Male has an education in commerce and office subjects with additional education in Business Economics and English from Molde University College. She works as an administrative officer in the After-Sales service Department and has previously held various positions at the department since 1996. Prior to joining Brunvoll she gained experience in order processing at GN International Molde and as Sales Secretary at Scandinavian Design Inc. in New York. She lives in Molde and has been a Board Member at Brunvoll AS since 2013.

Management Team
BRUNVOLL AS





Odd Tore Finnøy (1958)

President & Chief Executive Officer

Odd Tore Finnøy graduated from NTNU as a Master of Science in Engineering in mechanical disciplines in 1982 and came to Brunvoll as CEO in 2011. Positions Finnøy has held previously include Managing Director of Wonderland AS (2007-2011), General Manager of Supplier Network Oil and Gas (LOG) Ormen Lange (2003-2007), Managing Director of Moxy Trucks AS (2002-2003) and Group Executive EPL Division at Glamox ASA (1998-2002). Finnøy is also a Member of the Board of the trade association for the maritime industry in the Federation of Norwegian Industries and Maritimt Forum Nordvest, a forum for promoting cooperation between organizations and enterprises in Norwegian maritime industry. He is Chairman of the Board at iKuben, a business cluster of internationally oriented industrial companies in Møre og Romsdal, as well as at the business innovation centre Molde Kunnskapspark.



Knut Andresen (1955)

Executive Vice President Engineering and R&D

Knut Andresen graduated as a Master of Science in Engineering from the Department of Marine Technology at NTH, the Norwegian Institute of Technology, in 1979. He went on to complete a Dr.ing doctoral degree at the KTH Royal Institute of Technology in Stockholm in 1994. Andresen came to Brunvoll as Technical Director in 1996 and was appointed Executive Vice President in 2001. Andresen was employed by DNV from 1980 to 1996, as Principal Engineer from 1994. Since 2003, he has been a Board Member for the MAROFF programme for maritime activities and offshore operations at the Research Council of Norway. In 2010 he became Chairman of the Board for MAROFF. He also heads the Innovation Committee and is a Board Member of the Maritime Branch at the Federation of Norwegian Industries.



Kåre Øyvind Vassdal (1981)

CFO & Vice President Finance, Accounting & ICT

Kåre Øyvind Vassdal graduated as a Master of Science in Economics and Business Administration from BI Norwegian Business School in 2005 with additional subjects in law. Vassdal came to Brunvoll as CFO in 2014. Vassdal has previously been Group Chief Controller in the Vard Group (2012-2014), Business Controller in the Vard Group (2010-2012) and Finance Manager for Vard Group AS Aukra (2006-2009). He was also a Board Member at Vard Promar SA in 2013-2014.



Marthe Outzen (1974)

Vice President Human Resources

Marthe Outzen graduated from Vesalius College, Vrije Universiteit Brussel (Bachelor of Arts, Business and Human Resources Management) in 1999 and has participated in the Master of Management program at BI Norwegian Business School (Change Management, 2012). Outzen came to Brunvoll as VP Human Resources in 2012. Previously Outzen worked as Recruitment Manager at Sopra Steria (2003-2012) and at PwC Consulting and Alexander Hughes Executive Search Consultants in Brussels (1999-2003). She is Chairwoman of the Board for Trainee Ingeniør Molderegionen (TIM).



Per Olav Løkseth (1954)
Vice President Sales & Marketing

Per Olav Løkseth completed his education as a Mechanical Engineer in 1980 after completing a craft certificate in welding in 1972. Løkseth came to Brunvoll in 1981 to work as Project Sales Engineer. Later he was appointed Sales Manager, Marketing Director and then Vice President Sales & Marketing at Brunvoll. He has previously worked as an engineer in the development of light fixtures (1980-1981) and as an industrial worker in welding and assembly (1972-1977).



Inger Helene Hals (1968)
Vice President Health, Safety, Environment & Quality

Inger Helene Hals graduated as a Metallurgist from the Trondheim College of Engineering in 1990 with supplementary studies in quality management, risk management and TQM at NTNU as well as an EFQM Assessor examination. Hals came to Brunvoll as VP HSEQ in 2013. Her previous positions include VP HSEQ at Bergen Engines (2012-2013), HS&E Lead at Rolls-Royce Marine (2007-2012) and Head of the global team for supplier audits at Omya (1997 - 2007). Hals is an appointed Board Member of NSO (The Norwegian Industrial Safety Organisation) by NHO.



Magne Gøran Lyngstad (1969)
Vice President Manufacturing & Supply Chain

Magne Gøran Lyngstad graduated in 1994 as a Master of Science in Engineering at the Department of Mechanical Engineering at the Norwegian Institute of Technology (NTH). Lyngstad came to Brunvoll as VP Manufacturing & Supply Chain in 2011. Lyngstad has previously been Managing Director of National Oilwell Varco Hjelset AS (2008-2011), Production Director at Rolls Royce Marine Deck Machinery (2006-2008) and Production Manager at Moxy Trucks AS (2001-2006). He is also the Chairman of the Board of OTEK Nordmøre and Romsdal, a service office for apprentices, as well as the Romsdal Forum for Teknologiske Fag, which aims to encourage interest in technological subjects.



Kjetil Hovde (1971)
Vice President After-Sales service

Kjetil Hovde completed his education as a Mechanical Technician at Ålesund Technical College and has a craft certificate as an Industrial Mechanic. Hovde started at Brunvoll as an apprentice in 1988. He completed his craft certificate in 1990 and worked in the Assembly Department until 1991. He worked as a Field Service Technician from 1994 to 1998, as a Service Officer / Deputy Service Manager from 1998 to 2004, and then as a Department Manager in After-Sales service until 2015, when he was appointed as Vice President After-Sales service.

Management Team

BRUNVOLL HOLDING AS



Terje Dyrseth (1947)

Chief Executive Officer

Terje Dyrseth graduated as a Naval Engineer from the Royal Norwegian Naval Academy (1967-1972). Dyrseth has been CEO of Brunvoll Holding AS since December 2011. Positions he has held previously at Brunvoll AS include CEO (2001-2011), Deputy Managing and Marketing Director (1993-2001), Sales Manager and Marketing Manager (1981-1993) and Sales Engineer and Project Manager (1975-1981). Dyrseth has had many board positions. Some of the most important of these are Board Member of Brunvoll AS (1982-2001) and Brunvoll Holding AS (2002-2005), Chairman of the Board at Innovation Norway Møre og Romsdal and Chairman of the Board of NHO Møre og Romsdal.



Olav Myrland (1948)

Chief Financial Officer

Olav Myrland has an education in Mechanical Engineering from Bergen Tekniske Skole and in Business Economics and Administration from Molde University College. He has also studied business and economics subjects at BI Norwegian Business School Oslo. Myrland started as CFO of Brunvoll Holding AS in October 2014 after serving as CFO of Brunvoll AS from 1989. Previous positions have included Chief Accountant at Brunvoll AS (1988), CEO of Regnskapssentralen AS (1987) and Marketing Manager, Finance Manager and Managing Director at 3 different car dealers in Molde (1978-1987). He has also served as Company Secretary for all the companies in the Brunvoll Group.

DIRECTORS' REPORT 2015

Brunvoll Holding Group

Nature of our Business

Brunvoll Holding AS is a pure holding company for the subsidiaries Brunvoll AS, Brunvoll Årø AS, Brunvoll Strandgata AS, Brunvoll Oppdal AS, Årøhagen Eiendom AS, Høvdingbygget Årø AS and Brødrene Brunvoll Motorfabrikk AS.

The Group develops, manufactures and markets thruster systems with associated proprietary control systems through its subsidiary Brunvoll AS, as well as leasing real property in Årøhaugen 3 in Molde through the company Årøhagen Eiendom AS. The subsidiaries Brunvoll Årø AS and Brunvoll Strandgata AS are real estate companies that lease property for the Group's other activities. Høvdingbygget Årø AS is currently building a new administrative building to be leased to Brunvoll AS. This will be completed in the spring of 2016.

The business is located in Molde. In addition, it is represented by agents in 26 countries all over the world through agents.

Going concern

The financial statements for the year have been prepared on a going concern basis. The basis for this assessment is that the Group has a strong financial position and operates in a market in which we are competitive in quality, price and service.

The Group's financial position can be described as follows: The Group has sound finances and liquidity. Its long-term liabilities total NOK 79.6 million. Of this, long-term loans amount to NOK 73.2 million. At year-end, the Group has a construction loan of NOK 86.5 million classified as current liabilities in the Balance Sheet.

Human Resources, Health, Safety and the Environment

Human Resources

Brunvoll Holding AS has two employees.

On 31 December 2015, the Group had 305 employees as well as 28 apprentices, in total 333 full-time equivalents. This is at the same level as in 2014. Of the Group's 28 apprentices, 8 were enrolled in the program termed TAF ("technical and general subjects"), in which apprentices spend 4 years in training alternating between a work-based setting and an upper secondary school.

Health

Brunvoll is audited by a third party certification body on a yearly basis according to the international standards OHSAS 18001 and ISO 14001.

Average sickness absence during the reporting year amounted to 3.5 % of the total working hours in the Group, compared with 3.6 % during the previous year. The short-term absence was 0.8 % in 2015. The human resources are vital for Brunvoll. The Group strives to achieve a good and safe work environment through a clear HSE policy, and we continuously carry out improvement measures. In co-operation with the «Great Place to Work® Institute», the Group carried out an employee survey for the second time in the fall of 2015. An average improvement of approx. 10 %-units higher portion of employees with positive feedback on the 58 declarations in the survey since 2014 is according to the Great Place to Work a significant improvement in one year.

During the financial year, 9 injuries and accidents were reported, of which 7 resulted in absence of more than 1 day. This gives a TRI-rate (Total reportable injuries/100 employees) of 2.73 versus 5.25 in 2014.

A thorough investigation has been performed on every single incident to find the causes as well as measures to prevent repeats. These investigation reports have all been subject to review performed by the working environment committee.

Environment

During 2015, the Group has maintained a clear focus on energy efficiency.

Some hazardous waste is produced, but this is disposed of in compliance with regulations.

During the fiscal year the following was sent for recycling:
Iron and metal: 667 tons (scrap iron, iron filings, NiAl, red material and metal dust)
Hazardous waste: 28 tons (waste oil and cooling liquid)

and the following sent to external recipients for further processing:

Mixed waste: 80 tons (including paper)
Sorted waste: 89 tons
Slag, dust and sand: 24 tons

The Group is not subject to any form of environmental licence, and has no specific directives from state or municipal supervisory authorities.

Safety

Risk analysis have been performed on specific identified working operations according to a scheduled plan. Brunvoll has through the years developed an operative and engaged Industrial defence team. This team is trained in emergency preparedness.

Gender, Ethnicity, Disability and Universal Design

The Group aims to be a workplace that offers equal opportunities to men and women. In recruitment, we do not discriminate on the basis of gender. The business aims to fulfil the intentions of the Anti-Discrimination and Accessibility Act, and also meets requirements for universal design through its planning of buildings and facilities.

Of the company's 333 employees in the reporting year, there were 39 women and 294 men; 35 women were employed in administrative positions and 4 in production. On 31 December 2015, 3 women and 26 men held management positions in the Group.

There were 2 part-time and 35 full-time employed women. In addition there were 1 part-time employed female apprentice and 1 full-time employed female apprentice. There were 2 part-time and 266 full-time employed men. In addition there were 7 part-time employed male apprentices and 19 full-time employed male apprentices.

Our sector is male-dominated, but the company emphasizes the importance of recruiting both women and men.

In use of overtime work, there is no separation between male and female workers. The working time is within normal daytime and is not considered to be inconvenient neither for women or men. The Group has good welfare- and personal leave agreements with its employees and through a flexible working time arrangement, the Group tries to meet different individual needs of its employees.

Use of time and resource for measures to increase the employees competence is distributed proportionally between both genders.

The Group strives to achieve equal pay for equal work. During 2015 Brunvoll AS conducted a salary benchmark in cooperation with Hay Group Norway in order to analyze the company's reward and benefit policies.

The Group meets the requirement for universal design through planning and execution of its buildings and facilities. All work stations are well adapted for the employees.

Future Development / Financial Risk

The Group operates in a global market with an export ratio that ranges from 70% to 90% of the total revenue. The uncertainty in the financial market combined with the current period of lower oil prices affects our market. However, as we are exposed to a variety of segments, we experience the current market as satisfactory considering the downturn that has taken place in the oil & gas industry. We have a stable and good market share in the niches in which we are active, and we have managed to stabilize After-Sales service on a high turnover. We experienced a normal order inflow in 2015.

The order situation for 2016 and 2017 currently appears to be satisfactory but the Group sees higher uncertainty than normal to maintain a normal order intake in 2016 due to the downturn within the oil & gas industry. The Group has a good reputation and a strong position in the market, with a product range undergoing continuous development. The Group remains focused on continuously developing and offering new products.

Work is in progress on many interesting projects with promising prospects for further order inflow. Due to overcapacity in the market, price levels are under pressure. The trend in the NOK exchange rate has been positive in terms of international competitiveness.

The Group has a number of processes in progress to streamline our production to meet ever tougher competition in our market segments and to fulfil our customers' requirements and wishes.

The Group has a strong financial position and the credit risk of outstanding receivables is regarded as low.

DIRECTORS' REPORT 2015

Brunvoll Holding Group

Results, Investments, Financing and Cash position

Revenue in the Group was NOK 767.7 million in 2015. Net income for the year was NOK 43.9 million.

Investments in the Group in 2015 totalled NOK 139.6 million. In addition, ongoing construction activities amounted to NOK 176.9 million at the year-end where the incurred cost in 2015 is included in the investments mentioned above.

The Group's cash balances on 31 December 2015 amounted to NOK 127.9 million. The Group's capacity for internal financing of investments is good.

On 31 December 2015, the Group's current liabilities totalled 83.0% of the company's total liabilities, compared with 83.0% on 31 December 2014. The company's financial situation is good.

At the year-end, total assets amounted to NOK 1058.2 million, compared with NOK 916.7 million on 31 December 2014. The equity ratio on 31 December 2015 was 53.42%, compared with 59.58% on 31 December 2014.

Net Profit for the year and allocations

The Board proposes the following allocation of profit:

Distributed Dividend	24.840.000
Transferred to Other Equity	<u>13.665.368</u>
Total	38.505.368

Molde, 31 December 2015 / 08 April 2016



Arthur Inge Brunvoll
Chairman of the Board



Tone Brunvoll
Deputy Chairwoman



Trond Brunvoll
Board Member



Arnljot Brunvoll
Board Member



Karl Brunvoll
Board Member



Terje Dyrseth
Chief Executive Officer



GINA KROG

An exciting and demanding project

Two years ago, Teekay Shipping contacted Brunvoll AS with the request to develop and produce a so-called “trunk mounted” Azimuth Thruster for installation in a Floating Storage Offloading vessel (FSO). Brunvoll accepted the request and welcomed the challenge. But the project had a clause; all future after-sales service has to be completed at sea. The vessel will stay afloat in the North Sea throughout its lifetime, without interruption for docking and repairs. This presented a real challenge, but Brunvoll came up with good solutions, won the tender.

The engineers from Brunvoll based their solution on the well mounted azimuth thruster type AW80, and their design placed this into a solid trunk placed in the stern - just in front of the ship’s wheelhouse. From this placing, the entire Azimuth Thruster could be lifted up onto the ship’s deck. By doing this, Brunvoll had found a solution to the challenge, and all future after-sales service could be completed at sea - on the deck of the ship.

- We received this order after long and interesting discussions together with Teekay Shipping. We arrived at a collective agreement on a special solution for mounting/demounting of the thruster while the vessel, FSO Gina Krog, would remain at sea in full operation throughout the process.

In brief, this solution focuses on filling the thruster trunk with water, and the thruster will be lifted up onto the deck of the vessel for the completion of after-sales service and inspections. To be able to do this, our engineers have developed a tank top/flange solution with special seals and locking mechanisms. This had to be done to secure the removal and installation of the thruster in a steady and controlled manner. In addition, before the disassembly of the thruster can be started, the electric drive motor will be removed and the thruster with steering mechanism will be sealed off.

- The Technical Department at Brunvoll was involved in the project from the initiation. We were working in cooperation with specialists from Teekay Shipping and their subcontractors. The progress throughout the project was as expected with several tight deadlines, but the delivery went according to plan just before year-end 2015. Installation of the thruster will be completed during 2016 at Sembawang Shipyard PTE. Ltd. in Singapore.

- Brunvoll earned this contract after a fair race against our competitors, and Brunvoll received compliments for the creativity and close monitoring throughout the project. This is also the reason why we were chosen over our competitors. We were able to demonstrate that we can be efficient and that we are able to present clever and creative solutions – even on short notice. It should also be mentioned that after signing of the contract, Brunvoll received the following e-mail from our client:

From all of the Teekay project team we have great confidence and trust in Brunvoll – and we do look forward to working with you on this exciting project. Welcome aboard as a valued partner for this important and critical equipment.

20 year old shuttletanker is being reborn

FSO “Gina Krog” was previously named “Randgrid”, and is basically a shuttle tanker. The vessel has already sailed the seas for 20 years, but will now get a new and extended life. In Singapore the vessel is being stripped down to the outer steel frame, and then it will be converted into a Floating Storage Unit.

When the transformation of “Randgrid” is completed, the Floating Storage Unit, which is used in a charter agreement between Teekay and Statoil, will be placed in the Gina Krogh field in the North Sea. This field which was originally a minor gas discovery, was discovered in 1974. The area is now estimated to contain 225 million barrels of oil and gas.



I associate Brunvoll with innovation and longstanding expertise.

- David Foxwell, Editor in maritime magazine Offshore Support Journal



MEET SOME OF US



SINDRE

FAT Coordinator

Education: Ship Technology and Mechanics
Employed since: 2005

What is your position at Brunvoll?

I started out as an apprentice in the Mechanics Department, and when I finished my Apprenticeship I was hired as a Service Technician in the After-Sales service. After many years out travelling the world, I was offered the position as FAT Coordinator (Factory Acceptance Test Coordinator) in 2013.

What is needed to succeed in your position?

Most of my previous experience comes from working on Brunvoll products as a Service Technician. I also have my education in Mechanics to lean on. The most important factor is extensive knowledge of the product and company, as well as great English skills – since most of my clients are from countries outside Norway.

What does a "normal day" look like for you?

When clients are here visiting, most of my day will take place in the factory completing the product FAT (Factory Acceptance Test). In a FAT, we go through a complete test of the product and its functions. When I don't have clients here, I spend my days following up projects, answering inquiries, and being available for clients needing answers or support.

Why are you a part of Team Brunvoll?

Before being hired by Brunvoll, I knew a lot about the company through my dad, who is also working here. I thrive in a challenging work environment, and I am getting the opportunity to develop my skills here at Brunvoll. I have the privilege to work with a great team who are dedicated in their work.

JOHN OLAV

Automation Technician

Education: First year Electrical Studies,
second and third year Automation
Employed since: 2015



What is your position at Brunvoll?

I started out as an apprentice and am now employed as an Automation Technician in the Electrical Assembly Department.

What does a "normal day" look like for you?

In my job I normally test the control system we are producing. I check that all parts and functions are working as they are supposed to before they get shipped to the customer. If something is not working correctly, it is my job to analyse the problem, and find a solution. I am the last "check point" before the control systems are shipped from Brunvoll.

Why are you a part of Team Brunvoll?

I lived outside of Molde. During a work placement I got the opportunity to work two weeks at Brunvoll.

At that time, I had never even heard of Brunvoll before. I had such a great time at Brunvoll during this time, so when I was ready to get work placements again, I decided to go back to Brunvoll once again. When it was time for my last year at school, I made the decision to pack up my things and move to Molde, just to get closer to Brunvoll. So when it was time to apply for apprenticeships, I applied to Brunvoll and luckily I got the position. When my Certificate of Apprenticeship was completed in 2015, I applied for and got the position as an Automation Technician.

The reasons for me wanting to work for Brunvoll are the interesting projects, the lively work environment and the Brunvoll "family". Brunvoll is a dependable and stable company.



RAGNAR

Manager BBS

Education: MSc Logistics

Employed since: 2012

What is your position at Brunvoll?

I am the Manager for BBS (Brunvoll Business System) at Brunvoll. We basically support and develop all business systems used by Brunvoll on an everyday basis, in close cooperation with the users. In this job it is essential to have an interest in computer systems, and a theoretical background about how processes and business systems operate. You should also have a good understanding of how our value chain is working.

What does a "normal day" look like for you?

My team's preferred way of working is in creative workshops, where we discuss our systems and arrive at possibilities and solutions together. I must admit that a lot of my day is spent in front of my computer, working on and developing

our business systems. We are monitoring all systems and implement new features.

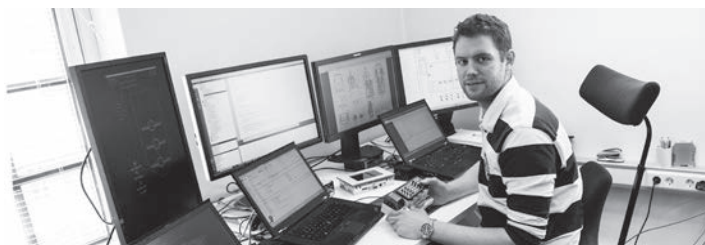
Why are you a part of Team Brunvoll?

When I was a student, I heard great things about Brunvoll as an employer, so when a position opened this was my first choice. In my opinion, this is a great place to work. You are given the opportunity to advance within your field, a healthy work environment, great colleagues and challenging projects. I also care for the Brunvoll values, and also find it exciting the way we are trying to go against the stream.. It is also very impressive that Brunvoll has a strategy not to outsource any of the production to other countries, and are still producing everything locally here in Molde.

CATO

Department Engineer
Electrical Systems Design

Employed since: 2011



What is your position at Brunvoll?

I started at Brunvoll in 2003 as an ICT Apprentice and completed my Certificate of Apprenticeship in this department. I continued within the ICT department as an ICT Consultant and worked mainly with security and network. After a couple of years out of Brunvoll, finishing my Electronics Engineer degree, I returned to Brunvoll in 2011. I now work as a Project Manager in the R&D Department.

What does a "normal day" look like for you?

A normal day is varied and quite busy. Since I am leading development projects, I follow up action points, long term planning of future activities and keeping cost control. In addition to this I also contribute to product development myself, in terms of networking, data communication, system development and programming. On top of this I am in control of all deliveries, purchases and deadlines.

I also play an important role in communicating with our customers, to get feedback about how our systems are working and if any adjustments are needed.

There are many things we are doing for the first time ever, so the routines and processes often need to be created as we go. Our biggest challenge is to create robust systems than run for years without crashing and any errors. Our systems are for maneuvering large ships, and the consequences can be serious if we make any mistakes.

Why are you a part of Team Brunvoll?

I don't know of any other company where you have the possibility to influence the whole lifecycle of a product in the same degree as you can at Brunvoll. Normally, you will be responsible to create one of the parts, or develop one software. But in the project I am a part of right now, I have had the opportunity to contribute during the whole process. From ideas drawn on paper, all the way up to actually producing the product ourselves and going out on the ship where it is installed and in use.

It is quite amazing to be standing on a ship that is being controlled by our systems, when not too long ago you were discussing ideas about how you wanted it to perform.



ATTRACTING YOUNG AND LOCAL TALENT

Good, “locally produced” vocational training has been part of the philosophy at Brunvoll throughout the years. To develop core competencies locally and internally is very important for Brunvoll to be able to continue being a solid cornerstone. Despite a tough market situation, and through a long-term strategy, the company wants to be a reliable, innovative and targeted employer that is attractive for future talent.

In addition, having young apprentices ensures a healthy age average at Brunvoll. It is positive for the workplace, and seniors and young employees learn from each other. Seniors help with solid technical knowledge and experience, the

young challenge the existing and catch on quickly to new technologies. It creates a good synergy in business. Being an attractive training company helps the company to select the best talent, which in turn benefits our customers.

For many years now, Brunvoll has been heavily involved in a forum for cooperation between enterprises and vocational schools in the area, Romsdal Forum of Technological Sciences. The forum is a venue for regular and close dialogue between school and business, and to encourage young people to choose majors and skills development to match the local industry needs.

WHY LOCAL RECRUITMENT?

- Employees who are assigned specific tasks, production operations and processes are qualified on the basis of suitable and appropriate education, skill, experience and training.
- Close cooperation between business, education and training offices provide room to adapt the curriculum according to business needs.
- The company identifies training needs and ensures that training is provided to those performing activities affecting quality at all levels of the enterprise. Moreover evaluation of the training being given is reviewed continuously.
- Brunvoll actively participates in all environmental communities that can support our need for labor through existing apprenticeships.
- Stable and professional workforce. Most employees remain at the company. This in itself

reinforces the degree of competence and quality of the product.

- Personal qualities combined with dedication and great professional interest and skill are important in whom we choose.

- Per 31.12.15 the company had 28 apprentices, 10 new apprentices started in autumn 2015 in the following fields:

- Industrial Mechanics
- Welding and plate worker
- CNC operator
- Automation
- Industrial coating (new in 2015)
- IT



My associations with the brand name Brunvoll AS are: Quality, persistence, innovation, reliability and a solid corporate structure that sustains, appreciates and develops their employees' skills.

- Torgeir Dahl, Mayor of Molde





BruCon 4

4th generation control system

In 2015, the new thruster control, alarm and monitoring system of Brunvoll called BruCon 4 passed a major milestone as commissioning was completed on the first vessels with this new control system. The development has been ongoing since 2011, and we are now finalizing the first phase of the development project. The project has in general been financed by Brunvoll, but has also been supported by the Research Council of Norway through the SkatteFUNN R&D tax incentive scheme.

Product development is strategically important for Brunvoll, and the development of BruCon 4 has been managed by the R&D Department. However, other departments in Brunvoll have delivered major or minor contributions to the project through ideas, rapid prototyping, engineering, component purchase, production, testing, commissioning and, last but not least, thruster experience and expertise.

The system has already been sold to a total of 14 vessels, most of them with delivery and commissioning in 2016. For a number of these projects we deliver the complete thruster control system for both Brunvoll and one of our cooperative partners, Steerprop. The new version of the self-developed and self-produced “Brunvoll control lever” is also within the scope of delivery for all these vessels. The purpose of Brunvoll offering a new generation thruster control system is to strengthen Brunvoll as a supplier of complete thruster systems; from blade to bridge.

The new control system requires less physical equipment and cabling onboard, reducing time and cost during installation and commissioning. In addition, the user interface is modernized and made more compact by replacing push buttons, lamps and indicators with a touch-screen monitor. All alarms and status information is available at any control position at any given time. Combined with a resilient redundancy solution, BruCon 4 offers both the customer and the end user a state of the art control system.

The development of the control system has been presented at several international exhibitions, and in 2015 the system was also presented at the conference “Advanced vessels” arranged by the Norwegian Society of Automatic Control by Project Manager Cato Orset.

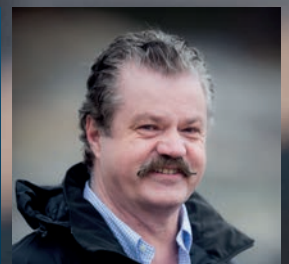
The next phase, scheduled to start in Q1 2016, focuses on Joystick system development which will be integrated with the existing 4th generation control system.

BruCon



The previous Thruster System we ordered from Brunvoll has worked perfectly from day one.

- Paul Harald Leinebø, CEO Leinebris





50 YEARS AS A THRUSTER MANUFACTURER

Brunvoll has always had a passion for innovation – Brunvoll was a pioneer in 1965, when thrusters came to represent a large quantum leap in the modern fishing industry. The request to develop the first thruster was a stroke of luck for Brunvoll during a difficult time for the company. Production of semi-diesel engines, which the company had been based on, was on a decline. New, light diesel engines, especially those produced abroad, were taking over more and more of the market. Many competitors had switched over to the production of gears and propeller systems, therefore the market was saturated. Today Brunvoll is a dominate thruster manufacturer in all segments of the shipping industry.

The story of how Brunvoll was to become one of the world's foremost producers of thrusters started over 50 years ago. In 1965 meticulous development began after Brunvoll took on a project for brothers Lauritz and Lodve Gjendemsjø to produce a propeller system that could allow their boat to manoeuvre sideways. One January evening in 1964 Lauritz Gjendemsjø met with Anders Brunvoll to discuss the main engine for the newbuild. Machinist Åsmund Tangen was also at the meeting. During the conversation Lauritz mentioned an idea of having a transverse mounted propeller in the bow of the boat to keep it clear of the seine. This would also provide better manoeuvring in bad weather and reduce the need for tender vessels. After a while Åsmund Tangen came forward with a sketch he and Lauritz had made. They asked if the Brunvoll boys could produce it because they knew that Brunvoll had the knowledge and competence, and even more important, Brunvoll understood the needs of the fishing fleets. Even if this was a completely new product, the Gjendemsjø brothers knew Brunvoll would develop the product based on insight and solid technical knowledge.

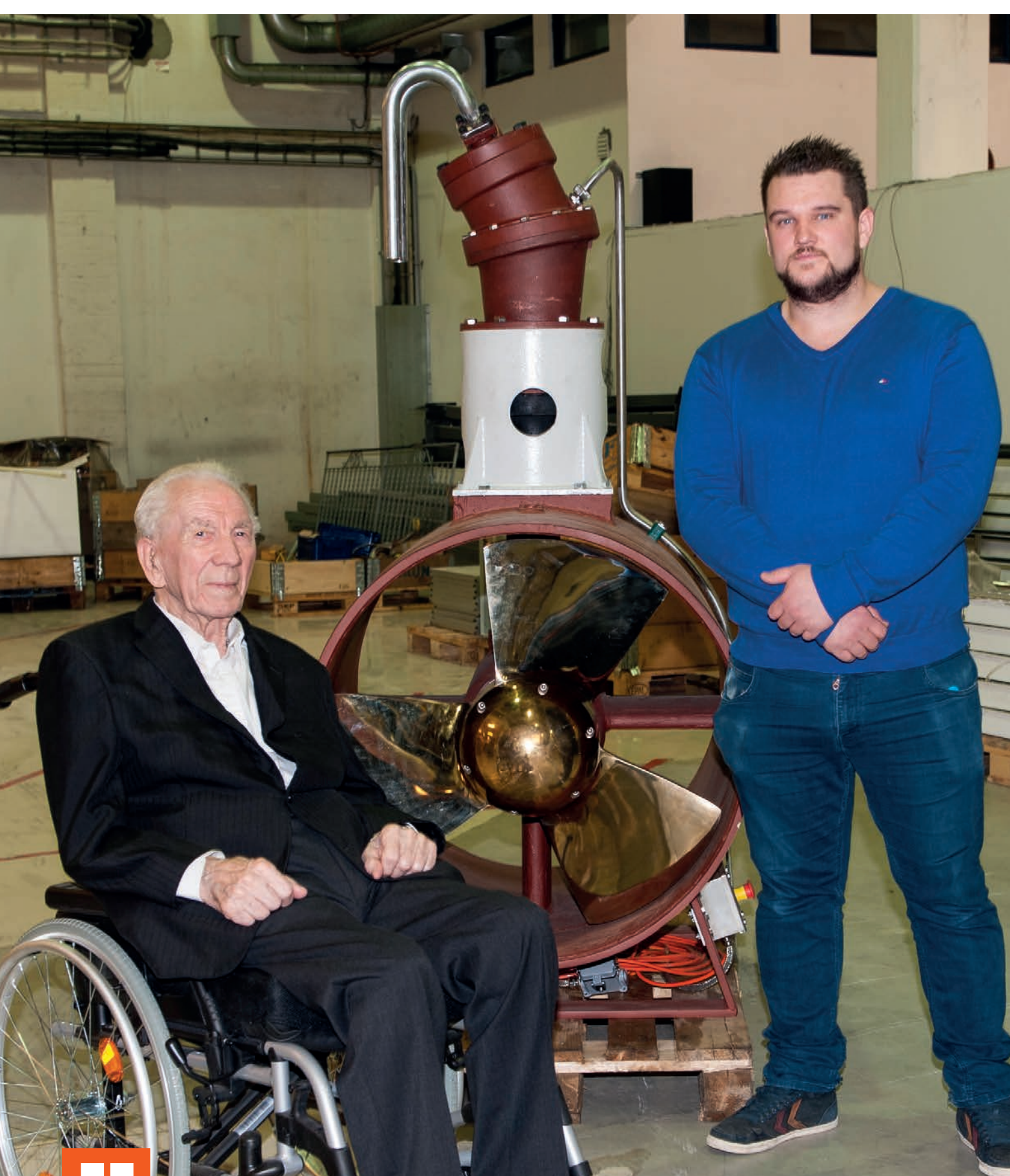
In the end, it was the Størksen family's newbuild "Silljo" that was installed with the first Brunvoll thruster in 1965, as it was completed a few months before "Klaring". SPH 105 revolu-

tionized the way one could maneuver fishing vessels. Since that first delivery, 8100 thrusters have passed through the factory doors.

The search for that first SPH 105 was difficult, but exciting. It was found installed on a boat with the name "Coronella" belonging to the Scottish shipowners Eigelars. The vessel was in Walvis Bay, Namibia – ready to be scrapped. In the nick of time, Manager of Marketing and Communications, Jørgen Eide, and his colleague, Manager Conceptual Sales John Sjøholm, located the thruster. A film which Jørgen produced tells the story of tracking it down. John Sjøholm, Manager of Customer Relations, describes how they went down to Walvis Bay and eventually came in contact with the owner, Eigelars. They were told that the fishing vessel was supposed to be scrapped in 2012, after operating for 50 years. John says "We found Coronella at anchorage waiting to be scrapped. We were able to make an agreement with the owner to have the thruster removed and shipped back to Norway to be displayed at Brunvoll's museum."

In 2014 a huge crate from Namibia arrived at Brunvoll's factory in Molde. An excited Erling Brunvoll Gjendem opened the crate. He is a Senior Service Technician at Brunvoll, fourth generation in the family business, and was given the responsibility to restore the very first thruster.

"It was in surprisingly good condition. Some rust, dirt and wear, but not as bad as one would expect after 50 years in use." said Erling. It was a very special day when he lifted out the thruster that his grandfather, Oddmunn Brunvoll, had personally delivered to TMV fifty years earlier. Erling started work immediately to disassemble, sandblast, paint, clean and replace worn parts. Soon the first SPH was just as clean and shiny as the day Olaus Brunvoll was photographed standing beside it in 1964. "At this point the thruster could be reinstalled in a boat again and be guaranteed to run for many more years", said Erling.



Brunvoll AS has been our preferred thruster supplier primarily due to the quality of the thruster products, but also because of the solid cooperation and partnership, and great After-Sales service.

- Jostein Innerdal, New Building Manager, Boa Offshore



BRUNVOLL COMPETENCE CENTER

Brunvoll has been located in Molde's town center since 1918. Up until 1965 the premises were mainly used for production of engines and some repair work was also performed. In 1965, Brunvoll began the development of side propellers and the production of engines was discontinued. This new endeavour was a success and the company needed a larger production area. A tract of land was purchased at Årø, next to the Molde airport preparing the ground for future growth and expansion.

The welding work shop at Årø was finished on January 2nd, 1981 and since that the buildings have been continuously under construction and enlarged. With the completion of the Brunvoll Competence Center North (BKS North), all departments will again be in one location after having been separated for 35 years.

BKS South and BKS North make up a total of 31 000 m² in building space. 20 000 m² is used by production in BKS South. BKS North has a total of 11 000 m² in building space, 8 600 m² of it office space and a 2 400 m² parking garage.

The eastern approach of the main road E39 into Molde runs right between the BKS South and BKS North buildings. In cooperation with Statens Vegvesen (The Norwegian Public Roads Administration), a footbridge is built to connect the two buildings. The bridge will also be open for public access to cross this busy highway.

Starting April 11th 2016 we will all be assembled at Årø. The occasion will be marked with an event for all employees on Thursday, the 21st of April. The official opening will be on Monday the 25th of April.





I hope you continue to keep all of your production and facilities in Norway.

- Tage Rishøj, Ship Designer from Karstensens Skripsværft, Denmark



How will this affect the company and all employees?

This event will be positive for Brunvoll. The short distance to meet with a colleague with the expertise one needs to discuss a matter will be a great benefit for everyone. Communication between developers and production personnel has always been extremely important at Brunvoll. Being an organization with close ties and involvement has been the basis of the Brunvoll spirit all along. This is one of the pillars of the Brunvoll culture. Daily interaction across the organization in the production facilities, in the office spaces, in the canteen or during social occasions in our own facilities will bring about a positive effect and we believe it will create a strong

solidarity. We strongly believe that one single location will lead to an even more effective value chain.

What effect will this have on customers and business associates?

We hope that our customers, agents and other business associates will notice the improved efficiency on all levels. It will be easier for visitors to understand the organization as a whole compared to how it has been in the past. For some it will certainly influence their experience of Brunvoll.

We look forward to finally being together again and to welcome our customers and business associates to the Brunvoll Competence Center.



HEALTH, SAFETY, ENVIRONMENT & QUALITY

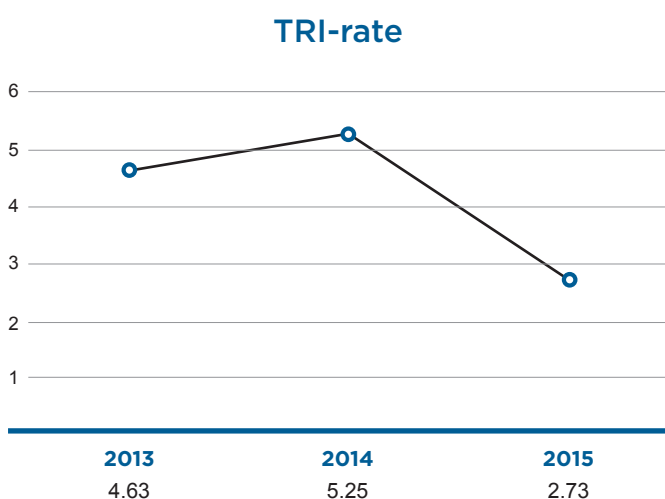
HEALTH & SAFETY

On the basis of risk mapping and incidents reported during the last 20 years, the following major hazards have been identified during 2015:

- Transportation
- Lifting
- Hot work
- Grinding/Dustproducing work
- Machine safety/Crush hazard
- Trip hazard
- Cut hazard

This forms the basis for our continuous work to reduce the risks for our workers in their daily work.

We have seen a great improvement in our TRI-rate (Total reportable injuries/100 employees) in the last quarters and have reached our target set in 2013 which was a 20% reduction within the end of 2015. The TRI-rate was 2.73 as of 31.12.15 compared to 5.25 as of 31.12.14.



ENVIRONMENT

Environmental aspects

The following aspects in 2015 were identified as the significant environmental aspects to produce and deliver our products.

- Atmospheric emission (dust)
- Consumption of heating oil
- Chemical handling
- Energy consumption
- Waste management
- Emissions in connection with transportation

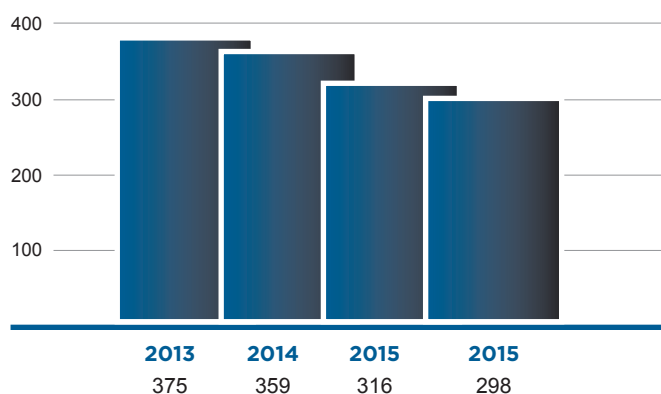
This forms the basis for our continuous work to reduce energy consumption needed, in addition to our strong focus on making our products environmental friendly post-delivery.

Energy consumption

Brunvoll AS has a clear focus on energy efficiency and we have invested significantly in a program to reduce energy

consumption in our production facilities in the last years. This program is still on-going. The result of this is a significant decrease in the energy needed to produce our products and general activities. When moving into our new environmentally friendly administration building in the spring of 2016, we expect to decrease the energy use even further.

Energy consumption (kWh / m²)



Waste management

Based on the fact that Waste Management has been identified as one of our significant environmental aspects, we have made efforts to continuously improve the way we are segregating the different fractions and how these are handled further on.

Waste (In tons)	2010	2011	2012	2013	2014	2015
Metal	657	694	890	634	768	667
Hazardious waste	27	33	29	29	30	28
Mixed waste	68	62	89	76	86	80
Sorted waste	120	97	123	120	85	89
Slag, dust, sand						24

QUALITY

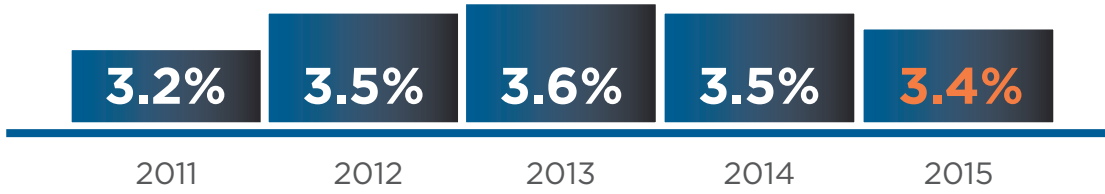
Increasing focus on our processes

During 2015, Brunvoll AS has been working intensively towards a third party certification with DNV-GL. This has resulted in a clearly defined and documented ownership to all processes within our company. We have implemented a new and improved system tracking deviations and suggested improvements to our processes and products, to benefit all stakeholders, not the least our customers. There has been a great increase in the reporting across all parts of the company and we regard this as a major step towards achieving even better products and processes going forward.

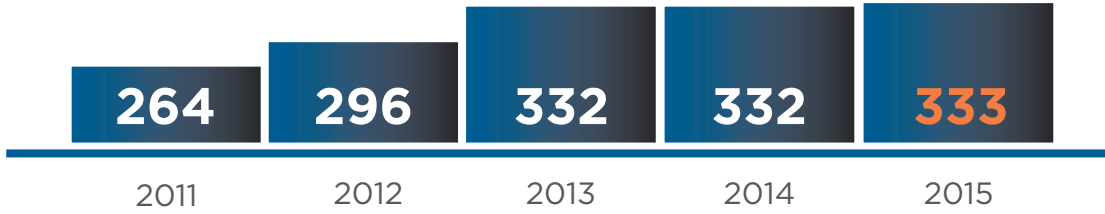
March 10, 2016 – A milestone date for the company

During the first two weeks of March 2016, DNV-GL performed an audit according to the ISO 9001, ISO 14001 and OHSAS 18001 standards. Brunvoll AS were recognized as a company fulfilling all the demands raised in the three combined standards and by June 2016 all our processes will be in accordance with the above mentioned standards. Then we will be acknowledged all three of the certificates.

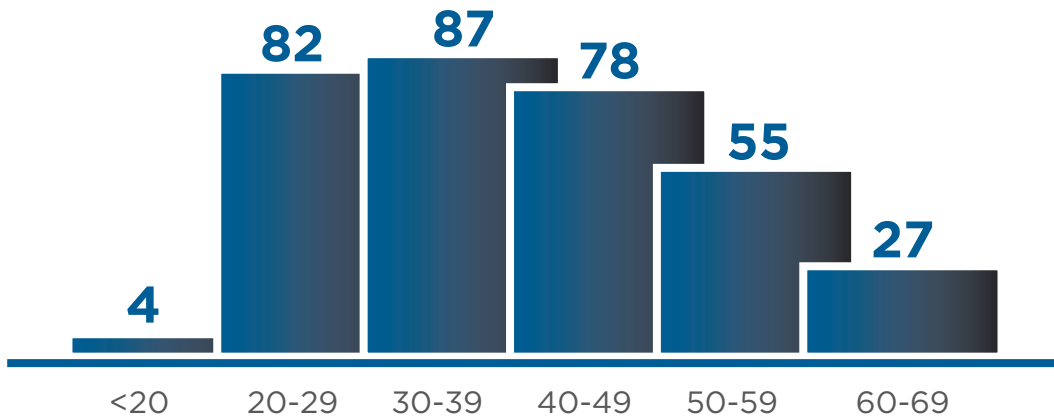
SICK LEAVE



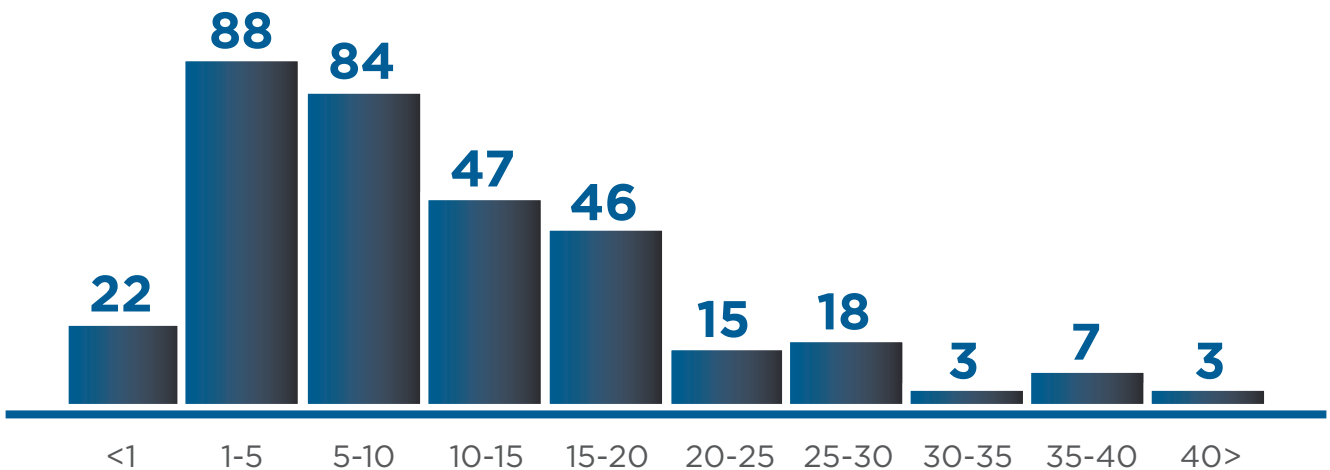
EMPLOYEES



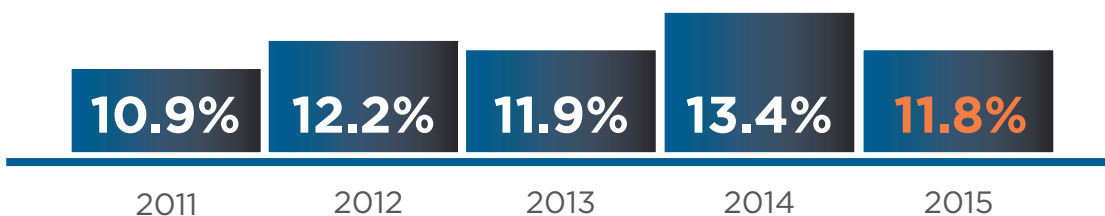
AGE STRUCTURE (NUMBER OF EMPLOYEES)



LENGTH OF EMPLOYMENT IN YEARS (NUMBER OF EMPLOYEES)



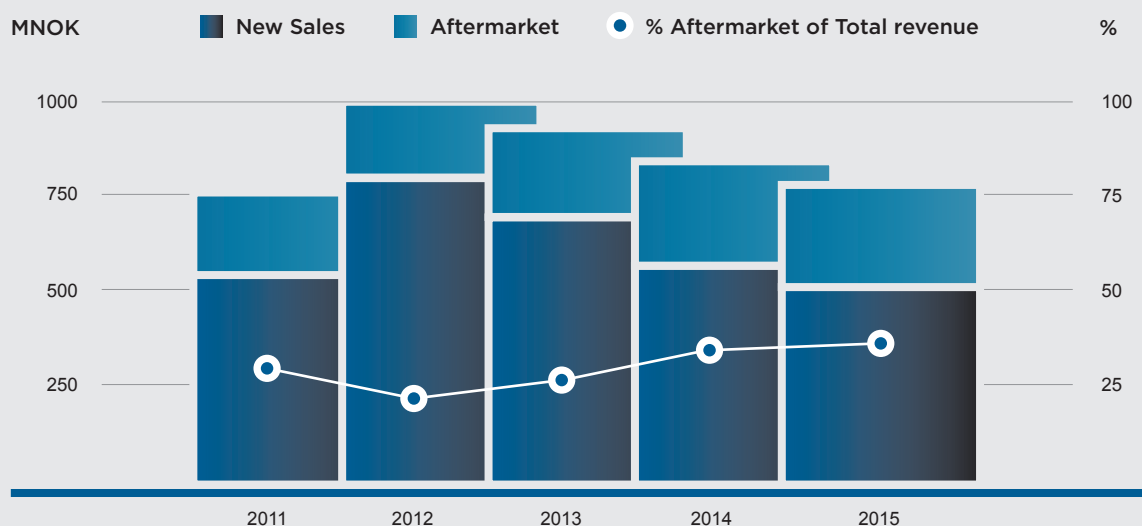
GENDER DISTRIBUTION - FEMALE %



CORPORATE HIGHLIGHTS

In NOK 1000

REVENUE



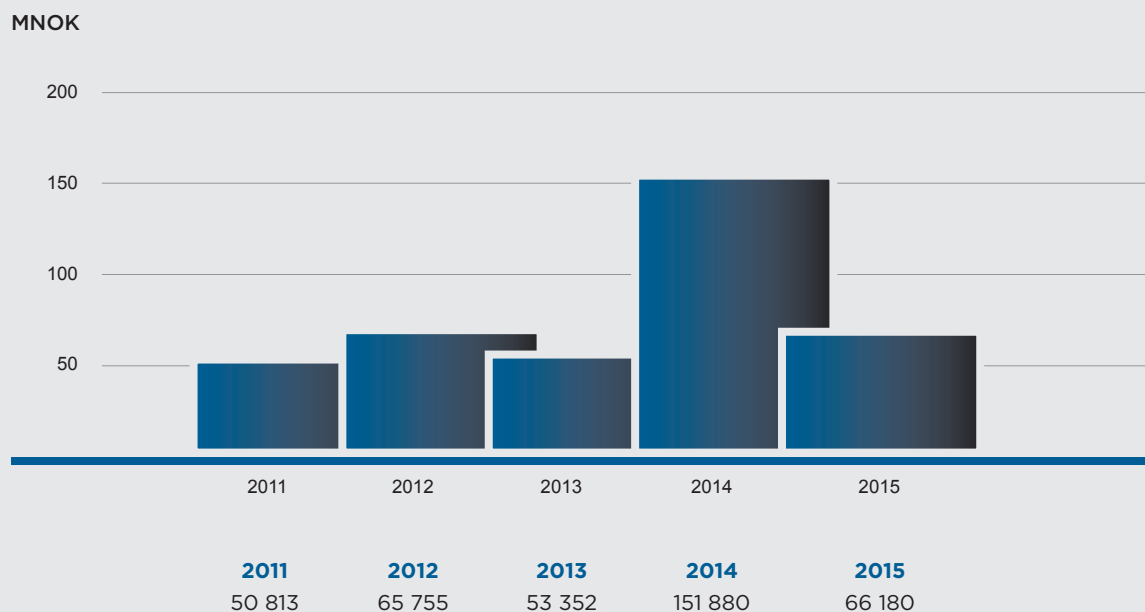
Revenue	2011	2012	2013	2014	2015
New Sales	527 664	778 460	677 100	546 330	493 017
Aftermarket	217 182	207 786	238 902	281 141	274 696
Total revenue	744 846	986 246	916 002	827 471	767 713
Aftermarket in %	29.2%	21.1%	26.1%	34.0%	35.8%

OPERATING PROFIT

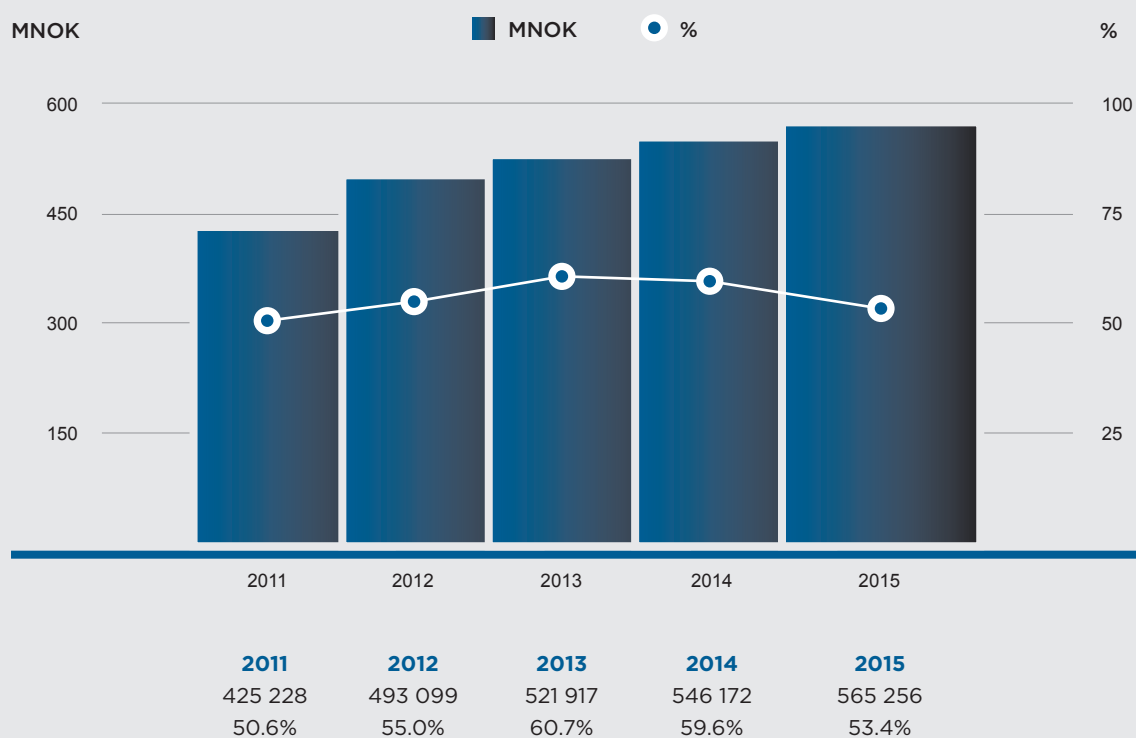


Year	Operating Profit (MNOK)
2011	118 236
2012	155 886
2013	65 884
2014	67 009
2015	64 308

CASH FLOW FROM OPERATIONS



EQUITY



INCOME STATEMENT AT 31.12.2015

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Amounts in TNOK

Brunvoll Holding AS

Brunvoll Holding Group

2015	2014		Note	2015	2014
		OPERATING REVENUES AND COSTS			
		Operating Revenues			
		Sales revenues	1	765 319	825 003
		Other operating revenues		2 394	2 468
		TOTAL OPERATING REVENUES		767 713	827 471
		Operating Expenses			
		Inventory change, work in progress & finished goods		-18 336	8 832
		Raw materials and consumable goods		331 664	366 894
3 409	2 368	Payroll expenses	2	243 191	236 200
		Depreciation	4	34 851	34 523
		Amortization			-6 500
415	683	Other operating expenses		112 035	120 514
3 824	3 051	TOTAL OPERATING EXPENSES		703 405	760 462
-3 824	-3 051	OPERATING PROFIT		64 308	67 009
		FINANCIAL INCOME AND EXPENSES			
		Financial Income			
56 000	27 563	Income on investment in subsidiary company			
758	1 564	Interest income from group entities			
380	256	Other interest received		1 029	1 352
3		Other financial income		19 646	8 443
57 140	29 382	Sum Financial Income		20 675	9 795
		Financial Expenses			
1 963		Write-down of financial assets		1 963	
31	63	Interest cost to group entities			
		Other interest cost		1 868	2 295
	2	Other financial cost		19 693	7 072
1 993	65	Sum Financial Expenses		23 523	9 368
55 147	29 317	NET FINANCIAL INCOME AND EXPENSES		-2 848	428
51 323	26 266	OPERATING PROFIT BEFORE TAX		61 460	67 436
12 817	-357	CORPORATE TAX	6,7	17 536	18 342
38 505	26 623	NET ANNUAL PROFIT		43 924	49 095
24 840	24 840	Distribution to dividends		24 840	24 840
13 665	1 783	Distribution to other equity		19 084	24 255
		Transferred from other equity			
38 505	26 623	TOTAL PROFIT DISTRIBUTED		43 924	49 095

BALANCE SHEET AT 31.12.2015

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Assets

Amounts in TNOK

Brunvoll Holding AS

Brunvoll Holding Group

31.12.2015	31.12.2014		Note	31.12.2015	31.12.2014
		FIXED ASSETS			
		Intangible Assets			
		Concessions, patents, etc.	4	2 667	3 447
628	876	Deferred tax asset	6	2 509	1 567
		Tangible Assets			
3 653	3 653	Land, buildings and other real estate	4	378 957	266 726
		Machinery and plant, motor vehicles, etc.	4	47 471	58 404
		Equipment, furniture, tools, office machines	4	24 761	30 774
		Financial Fixed Assets			
302 587	225 035	Investment in subsidiary company	8		
5 125	44 683	Loan to group company	13		
6 073	7 878	Investments in stocks and shares		6 073	7 878
1 017	1 017	Pension fund and other receivables	3	17 055	8 776
319 083	283 141	TOTAL NON-CURRENT ASSETS		479 494	377 572
		CURRENT ASSETS			
		Inventories	9	255 539	239 602
		Accounts receivable		156 601	135 907
3 000	27 609	Group company receivables	13		
6	3	Other short-term receivables		38 668	22 015
51 515	33 003	Bank deposits, petty cash, etc.	10	127 867	141 607
54 520	60 615	TOTAL CURRENT ASSETS		578 675	539 131
373 603	343 756	TOTAL ASSETS		1 058 169	916 703

BALANCE SHEET AT 31.12.2015

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Equity and Liabilities

Amounts in TNOK

Brunvoll Holding AS

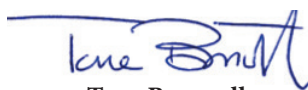
Brunvoll Holding Group

31.12.2015	31.12.2014		Note	31.12.2015	31.12.2014
		EQUITY			
		Paid-in Capital			
19 440	19 440	Subscribed share capital	5,11	19 440	19 440
6 135	6 135	Share premium account	5	6 135	6 135
25 575	25 575	TOTAL LOCKED-UP EQUITY		25 575	25 575
		Retained Earnings			
301 992	288 327	Other equity	5	539 681	520 597
301 992	288 327	TOTAL EARNED EQUITY		539 681	520 597
327 567	313 902	TOTAL EQUITY		565 256	546 172
		LIABILITIES			
		Provisions			
2 232	2 050	Pension liabilities	3	2 232	2 050
		Deferred tax	6	2 141	2 186
2 232	2 050	TOTAL PROVISIONS		4 374	4 236
		Other long-term liabilities			
		Liabilities to financial institutions	12	73 280	49 708
2 504	2 563	Other long-term liabilities	12,13	6 322	9 010
2 504	2 563	TOTAL LONG-TERM LIABILITIES		79 602	58 718
		CURRENT LIABILITIES			
		Liabilities to financial institutions		86 531	22 915
	18	Accounts payable		121 544	111 100
11 220		Corporate tax payable	7	17 768	12 457
239	234	Public duties payable		18 229	19 386
24 840	24 840	Dividends		24 840	24 840
5 000	150	Other current liabilities	2,13	140 025	116 878
41 299	25 242	TOTAL CURRENT LIABILITIES		408 937	307 576
373 603	343 756	TOTAL EQUITY AND LIABILITIES		1 058 169	916 703

Brunvoll Holding AS, Board of Directors, Molde on 31 December 2015 / 08 April 2016



Arthur Inge Brunvoll
Chairman of the Board



Tone Brunvoll
Deputy Chairwoman



Trond Brunvoll
Board Member



Arnljot Brunvoll
Board Member



Karl Brunvoll
Board Member



Terje Dyrseth
Chief Executive Officer

CASH FLOW STATEMENT

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Amounts in TNOK

Brunvoll Holding AS

Brunvoll Holding Group

2015	2014		2015	2014
		Cash flows from operating activities		
51 323	26 266	Profit before taxes	61 460	67 436
		- Taxes paid this period	-12 457	-11 846
		+ Loss / - Gain from sale of fixed assets	-15	983
		+ Ordinary depreciation	34 851	34 523
1 963		+ Amortisations	1 963	-6 500
		+/- Changes in inventory levels	-15 937	-2 084
		+/- Changes in accounts receivable	-20 693	60 844
-18	18	+/- Changes in accounts payable	4 363	-7 666
183	183	+/- Changes in pension accruals	1 983	632
24 462	-2 443	+/- Changes in other accrual items	10 662	15 557
77 912	24 024	= Net cash flows from operating activities	66 180	151 880
		Cash flows from investing activities		
		+ Sale of tangible fixed assets		1 300
-74 060	-2 058	- Purchase of tangible fixed assets	-129 342	-61 100
	-211	- Purchase of investments in shares	-158	-211
		- Purchase of other investments	-10 079	
-74 060	-2 269	= Net cash flows from investing activities	-139 579	-60 011
		Cash flows from financing activities		
	63	+ Payout from new long-term loans	25 000	
-58	-2 605	- Repayment of long-term loans	-4 117	-4 077
		+ Payout from new short-term loans	63 616	22 915
-24 840	-17 280	- Dividends paid	-24 840	-17 280
39 558	30 842	+ Reduction / new long-term receivables		
14 660	11 020	= Net cash flows from financing activities	59 659	1 558
18 512	32 775	= Net Change in Liquid Capital Reserves	-13 740	93 427
33 003	228	+ Liquid capital reserves at 01.01.	141 607	48 180
51 515	33 003	= Liquid Capital Reserves at 31.12.	127 867	141 607
		Liquid Capital Reserves consist of:		
51 515	33 003	Cash and bank deposits at 31.12.	119 205	131 814
		+ Tax withholding, etc. at 31.12.	8 662	9 793

NOTES

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Accounting policies:

Annual accounts for the Group have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles.

Revenue and expense

Revenue is recognized when it is earned, which is normally on the delivery date. Costs are recognized according to the matching principle, that is; costs are included in the period in which the associated revenue is recognized.

Current assets and current liabilities

Current assets and current liabilities normally include items due for payment within one year after the last day of the financial year, as well as items related to the operating cycle. Current assets are valued at the lower of cost fair value. Current liabilities are recognized at nominal value.

Non-current assets and liabilities

Non-current assets comprise of assets intended for permanent ownership and use by the business. Non-current assets are valued at cost. Property, plant and equipment are capitalized and depreciated linearly over the estimated useful life. Property, plant and equipment are written down to their fair value in connection with impairment that is not expected to be temporary. Impairment is reversed if conditions for impairment are no longer present.

Currency

Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date.

Investment in shares

Investment in shares is recorded at acquisition cost, adjusted for any prolonged decline in value. Dividends received and other distribution of earnings from the companies are recognized as other financial income.

Cash flow hedging

The Group uses forward contracts to hedge future receipts/payments in foreign currency (cash flow hedging). These forward contracts are not recognized.

Raw materials

Inventories are valued at the lower of cost and net realizable value (lowest value principle).

Finished goods and work in progress

The cost of these goods is the direct cost and a proportionate share of the indirect variable manufacturing costs. In the calculation of fair value, the selling price at a future sales date is used, less costs to sell and production costs incurred in completion for sale.

Receivables

Receivables are recognized in the balance sheet at face value less provision for foreseeable losses. The provision for foreseeable losses is based on an individual assessment of the receivables. In addition, an unspecified provision for anticipated losses is made for the other accounts receivable.

Tax

The tax charge in the income statement includes tax payable for the period that has been assessed and falls due for payment in the next financial year as well as changes in deferred tax. Deferred tax is estimated at the tax rate at the end of the financial year (25%) on the basis of deductible and taxable temporary differences between the book value and tax value of assets and liabilities. Temporary differences that increase or reduce tax are offset and entered net if they are reversed, or may be reversed, in the same period.

Warranty costs, etc.

Provisions are made for expected warranty commitments for sales that have taken place before the financial year-end, where future liabilities may accrue for warranty costs, etc. Warranty liabilities are recognized under other current liabilities in the balance sheet and amount to NOK 7.8 million.

NOTES

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Pension liabilities

Pension liabilities related to the scheme for contractual early retirement pensions (AFP) and collective insurance are recognized on the basis of actuarial calculations. The collective pension agreement is funded through capital accumulation organized in an insurance company. From 2008, the scheme has been split into a defined-contribution plan and a defined-benefit plan. The pension liabilities are explained in more detail in Note 3.

Finance leases

Leasing agreements classified as finance leases are recognized in the balance sheet as assets and liabilities. The value of the consideration is calculated as the net present value of the lease payments. The asset is depreciated over a reasonable depreciation schedule, which corresponds to the estimated lease term. The liability is classified under "Other non-current liabilities". When lease payments are made, the interest component is recognized as financial expense, while the principal component reduces the liability.

Cash flow statements

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, cash in hand and other investments with a maturity of less than three months from the acquisition date.

Brunvoll Group

The Group consists of the following companies:

Brunvoll Holding AS
Brunvoll AS
Brunvoll Årø AS
Brunvoll Strandgata AS
Brunvoll Oppdal AS
Brødr. Brunvoll Motorfabrikk AS
Årøhagen Eiendom AS
Høvdingbygget Årø AS

All companies have the same postal address: Eikremsvingen 2, 6422 Molde.

In the consolidation of the Group's financial statements, the acquisition method has been used. Internal sales/purchases and internal receivables/liabilities are eliminated in the consolidated financial statements.

Høvdingbygget Årø AS was acquired on 13 July 2013. In the consolidated financial statements, the income statement items have been consolidated for the period after the take-over. The excess value of the purchase price over the book value in connection with the acquisition has been allocated to real estate, corrected for deferred tax. Due to the long reversal period, a rate of 7% has been used in the calculation. The excess value is amortized on a straight-line basis over the lifetime of the property.

NOTES

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Note 1 - Sales revenues - Group

Specification of sales by geographical area in NOK 1000

	2015	2014
Sales in Norway	118 781	277 423
Sales in the EU area	312 373	300 642
Sales in the rest of the world	336 559	249 406
Total revenue	767 713	827 471

Note 2 - Salaries and related expenses - parent company

Information about employees and payment to employees and management in NOK

The parent company has two employees.

<i>Specification of payroll expenses</i>	2015	2014
Salaries	2 803 093	1 894 256
Employer's National Insurance contributions	441 500	309 895
Pension expenses	160 000	160 000
Other payroll-related expenses	4 504	3 582
Total payroll expenses	3 409 098	2 367 733

Remuneration to senior executives and auditor

Salary and other allowances

CEO	1 314 826
Board Members	264 000
Auditor - Audit	69 275
Auditor - Other assistance	165 000

The CEO has additional remuneration in the form of a pension agreement. The accrued pension is paid in terms of conditions specified in further detail in the employment contract. At 31 December 2015, NOK 1 956 450 had been accrued for this. Including the employer's contribution, NOK 2 232 309 has been allocated as a liability.

Note 2 - Salaries and related expenses - Group

Information about employees and payment to employees and management

The number of full-time equivalents during the financial year was 333.

<i>Specification of payroll expenses in NOK 1000</i>	2015	2014
Salaries	192 585	187 206
Employer's National Insurance contributions	29 046	28 765
Pension expenses	13 451	11 560
Other payroll-related expenses	8 108	8 669
Total payroll expenses	243 191	236 200

Included in the payroll expenses for 2015 there is a provision for restructuring of NOK 4 160 688 which is booked under Current Liabilities in the Balance Sheet.

NOTES

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

<i>Remuneration to senior executives and auditor</i>	<i>Salary and other allowances</i>
Board members	1 234 688
Auditor - Audit	455 529
Auditor - Other assistance	82 880

Note 3 - Pension liabilities - Group

Pension liabilities

The Group has its own pension scheme in DNB Forsikring ASA for all employees who fulfil the membership requirements. From 2008, the scheme has been split into a defined-contribution and a defined-benefit plan. All employees who meet the requirements for participation in the scheme and who had a remaining period of service in employment of more than 15 years were transferred to a defined-contribution plan, mandatory company pension (OTP).

The schemes comply with the National Insurance Act (folketrygdloven) with a general retirement age of 67. For the defined-benefit plan, the retirement pension is specified as 60% of the basis for the pension entitlement based on the number of years of service, the salary at retirement age, and the size of the future benefits from the National Insurance scheme. A spouse's pension, child's pension and disability pension are also included in accordance with further provisions. The collective pension agreement is funded through capital accumulation.

Actuarial assumptions are based on standard assumptions used in this type of insurance, and the Norwegian Accounting Standard for pension expenses. The actuarial calculations have been made by DNB Pensjonstjenester AS.

The Group is covered by the AFP contractual pension scheme for early retirement. The AFP scheme has been changed from 1 January 2011. The old scheme has now been phased out and has no recognized liabilities. The figures have been calculated by an actuary, and include both the remaining liability for those who have drawn an AFP pension and liabilities related to covering the underfunding in connection with winding up the old scheme.

The Group is also covered by a new AFP scheme for contractual early retirement pensions. It has not been possible to quantify the liability associated with this scheme, and in accordance with the Accounting Standard NRS6 regarding pension expenses this scheme has not been capitalized.

Figures in NOK

	<i>Funded scheme Funds > liabilities</i>	
	2015	2014
Number of employees covered by the pension scheme	21	27
No. of pensioners covered by the pension scheme	49	45
Discount rate	2.70 %	2.30 %
Estimated yield on pension assets	3.30 %	3.20 %
Annual expected growth in pay	2.50 %	2.75 %
Annual expected adjustment of G (basic pension amount)	2.25 %	2.50 %
Annual adjustment of pension	2.25 %	2.50 %
Pension earned during the year	651 955	842 297
Interest expense of liability	1 128 607	1 843 525
Return on pension assets	-1 248 018	-1 917 538
Administrative expenses	272 852	266 904
Net pension expense before employer's contribution	805 395	1 035 189
Employer's contribution for the pension expense	113 561	145 962
Recognized actuarial loss	3 548 442	3 020 779
Recognized pension expense	4 467 398	4 201 930

NOTES

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Note 3 continued

	<i>Funded scheme Funds > liabilities</i>	
	2015	2014
Discounted present value of accrued pension liability including growth in pay	44 086 318	50 508 261
Pension assets	38 962 171	39 406 705
Net pension liability over-/(underfunded)	-5 124 147	-11 101 556
Employer's contribution on net pension liability	-722 505	-1 565 319
Net pension liability including employer's contribution	-5 846 651	-12 666 875
Unrecognized actuarial loss (gain)	9 015 625	16 571 000
Actuarial gains and losses, employer's contribution	1 271 203	2 336 511
Capitalized assets / (liabilities) including employer's contribution	4 440 177	6 240 636

(*) including salary adjustments, pension increase and adjustment of the basic amount in the National Insurance.

The table above does not include information about the defined-contribution plan. The amount contributed during the year was NOK 6 305 798. In addition, at 31 December 2015 NOK 2 232 309 including employer's national insurance contributions was allocated to a pension agreement with the CEO.

Note 4 - Depreciation of non-current assets - Group

(Figures in NOK 1000)	<i>Intangible assets</i>	<i>Machinery and plant</i>	<i>Other equipment, fixtures, tools and office machines</i>	<i>Land, buildings and real estate</i>	<i>Total</i>
Acquisition cost at 1/1	7 491	139 710	92 365	350 585	590 151
+ Investment	1 185	0	2 069	0	3 254
- Disposals		302		0	302
Acquisition cost at 31/12	8 676	139 408	94 434	350 585	593 103
Accum. depr./impairment at 1/1	4 044	81 306	61 591	123 136	270 077
Ordinary depreciation	1 965	10 933	8 083	13 871	34 851
Extraord. impairment				0	0
- Reversal of depreciation		302		0	302
Accum. depr./impairment at 31/12	6 009	91 937	69 673	137 007	304 626
Carrying amount at 31/12	2 667	47 471	24 761	213 578	288 477
Percentage for ord. depreciation	5-20	10-20	5-35	0-8	
Lease expense of assets	3 517		956		4 473

Under machinery and plant, two machines have been capitalized with finance leases. The acquisition cost of these is NOK 24 714 642. The book value is NOK 5 717 824. The annual depreciation of these amounts to NOK 2 483 676.

At the year-end, facilities under construction were recognized with a total of NOK 176 944 608 of which 165 379 746 relates to the building of a new administration building.

NOTES

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Note 5 - Other equity - parent company

Change in equity

(Figures in NOK 1000)	Share Capital	Premium	Retained earnings	Total equity
Equity 31 December 2014	19 440	6 135	288 327	313 902
From other transactions				
Net profit for the year (after provision for dividend)			13 655	13 655
Equity 31 December 2015	19 440	6 135	301 992	327 567

Note 5 - Other equity - Group

Change in equity

(Figures in NOK 1000)	Share Capital	Premium	Retained earnings	Total equity
Equity 31 December 2014	19 440	6 135	520 597	546 172
Dividend			-24 840	-24 840
Net profit for the year			43 924	43 924
Equity 31 December 2015	19 440	6 135	539 681	565 256

Note 6 - Specification of the basis for deferred tax / tax asset - parent company

Temporary differences that affect tax payable (figures in NOK 1000)

Temporary differences related to:	31.12.2014	31.12.2015	Changes
Operating assets	-280	-280	0
Provision for pension liabilities	-2 050	-2 232	183
Tax loss carry-forward	-913	-0	-913
Total temporary differences	-3 242	-2 512	-730

Deferred tax asset	-876	-628	247
---------------------------	-------------	-------------	------------

Change in differences that affect tax payable			182
--	--	--	------------

NOTES

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Note 6 – Specification of the basis for deferred tax/tax asset – Group

Temporary differences that affect tax payable (Figures in NOK 1000)

<i>Temporary differences related to:</i>	<i>31.12.2014</i>	<i>31.12.2015</i>	<i>Changes</i>
Current assets	-7 416	-13 400	5 984
Non-current assets	14 106	10 575	3 530
Leasing agreements	-809	-604	-205
Deferred gains and losses	-1 228	-983	-246
Warranty and service provisions	-13 625	-7 775	-5 850
Pension assets (overfunding)	6 241	4 440	1 800
Allocation to pension liabilities	-2 050	-2 232	183
Other differences (AFP pension liabilities)	0	0	0
Tax loss carry-forward	-1 023	-59	-963
Total temporary differences	-5 803	-10 038	4 235
Carrying amount of deferred tax assets	1 567	2 509	1 143

Deferred tax on excess value

On acquisition of the subsidiary Høvdningbygget Årø AS, an excess value of the purchase price over the book value, attributable to the property, was calculated at TNOK 32 198. Deferred tax was calculated on this amounting to TNOK 2 254 (discounted to present value 7%). The excess value is amortized over 50 years and deferred tax is reversed on a straight-line basis in line with the amortization. The residual excess value at 31 December 2015 amounts to TNOK 30 588 and the remaining deferred tax on this amounts to TNOK 2 141. Reversed tax on the residual value amounts to NOK 45 078 over the amortization period of 50 years. Deferred tax on excess value has not been offset against deferred tax assets.

Note 7 – Tax on ordinary profit – parent company

Specification of tax base for the year: (Figures in NOK 1000)

Profit before tax	51 322 597
+ Permanent differences	-27 588
+ Change in temporary differences	182 560
+ Received Group Contribution	50 000 000
- Applied loss carried-forward	913 224
= Basis for tax payable	46 554 451
Tax payable 27%	12 569 705
+/- Tax effect on Group Contribution given	- 1 350 000
Tax payable in the Balance Sheet	11 219 702
+/- Tax effect on Group Contribution given	1 350 000
+/- Change in deferred tax assets	197 279
+/- Estimation deviation due to changed tax percentage	50 248
= Ordinary tax expense in the income statement	-12 817 229

NOTES

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Note 7 - Tax on ordinary profit - Group

<i>Specification of tax base for the year:</i> (Figures in NOK 1000)	<i>Group</i>
Profit before tax	61 460
+ Permanent items	2 910
+ Change in temporary differences	5 197
- Applied loss carried-forward	-963
= Basis for tax payable	68 604
 <i>Specification of current year's tax expense:</i>	
Tax payable on general income (27%)	18 523
- Deduction for SkatteFUNN taxincentive plan	-755
= Total tax payable	17 768
+ SkatteFUNN	755
+/- Change in deferred tax assets	-1 073
+/- Change in deferred tax	131
+/- Change in deferred tax from excess value through acquisition	-45
= Ordinary tax	17 536

NOTE 8 - Subsidiaries

<i>Company</i> (Figures in NOK 1000)	<i>Registered office</i>	<i>Holding</i>	<i>Voting share</i>	<i>Equity</i> 31.12.15	<i>Profit/loss</i> 2015
Brunvoll AS	Molde	100%	100%	319 974	42 603
Brunvoll Årø AS	Molde	100%	100%	66 919	4 072
Brunvoll Strandgata AS	Molde	100%	100%	18 667	1 685
Brunvoll Oppdal AS	Molde	100%	100%	6 896	-1
Årøhagen Eiendom AS	Molde	100%	100%	11 694	426
Brødr Brunvoll Motorfabrikk AS	Molde	100%	100%	110	1
Høvdingbygget Årø AS	Molde	100%	100%	87 568	-355

<i>Company</i> (Figures in NOK 1000)	<i>Acquisition cost</i>	<i>Carrying amount</i>
Brunvoll AS	100 011	100 011
Brunvoll Årø AS	56 110	56 110
Brunvoll Strandgata AS	14 110	14 110
Brunvoll Oppdal AS	6 790	6 790
Årøhagen Eiendom AS	8 110	8 110
Brødr Brunvoll Motorfabrikk AS	110	110
Høvdingbygget Årø AS	117 346	117 346
TOTAL	302 587	302 587

NOTES

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Note 9 - Inventory - Group

Inventory (Figures in NOK 1000)

<i>By inventory type</i>	2015	2014
Raw materials	127 802	123 109
Work in progress	47 177	36 901
Finished goods	80 559	79 591
Total	255 538	239 601

<i>By valuation method</i>		
Valued at acquisition cost	262 186	243 655
Valued at fair value	255 538	239 601

Note 10 - Cash and cash equivalents - Group

At 31 December of the reporting year, tax withholding deposits amounted to NOK 8 662 114 and at 31 December of the previous year they amounted to NOK 9 793 482.

Note 11 - Share capital

No. of shares, shareholders, etc.

The parent company has 2 160 000 shares each with a par value of NOK 9. The total share capital is NOK 19 440 000

There is only one class of shares in the company, and all shares have the same voting rights.

The parent company's 25 largest shareholders who own more than 1% of the share capital are:

<i>Shareholder's name</i>	<i>Number of shares</i>	<i>Shareholders name</i>	<i>Number of shares</i>
Tone B Invest	180 000	Espen Brunvoll	72 000
BITSCOM AS	180 000	HBR Invest AS	72 000
Brunvoll Invest AS	150 000	MARMOR Invest AS	68 000
Ema Holding AS	140 000	Sibru Invest AS	60 000
O-hoi AS	140 000	GEIR Invest AS	56 000
BBM Holding AS	120 000	Milliways Invest AS	56 000
Ek Brunvoll Invest AS	97 000	Bergfjord Brunvoll AS	40 000
DAGB AS	90 000	Bjørg Brunvoll	36 000
Hilde Ingunn Brunvoll-Lyth	82 000	Kamillion AS	30 000
Sagstua Holding AS	82 000	Olivia Capital AS	30 000
THEM Holding AS	82 000	Ingvest Holding AS	30 000
Erik Arthur Holding AS	82 000	BenEk Invest AS	23 000
Ann-Karin Brunvoll Stires	80 000		

NOTES

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Officers in the parent company who have holdings and rights to holdings:

	<i>Number of shares</i>
CEO:	0
Board Members:	0

Note 12 - Liabilities, assets pledged as collateral and guarantee liability - Group

<i>Assets pledged as collateral</i> (Figures in NOK 1000)	31.12.2015	31.12.2014
Debt secured by pledgers	159 811	72 623
<i>Pledged assets:</i>		
Buildings and other real estate	356 663	211 747
Total pledged assets	356 663	211 747

Through its bankers, the Group has provided guarantees to customers for NOK 109 061 466.

The company has pledged inventory, equipment and receivables as collateral to its bank (DNB)

In connection with the construction of a new administration building, the Group has issued a bank guarantee in favor of the contractor in the amount of TNOK 38 789 as of 31.12.15.

Debt with maturity later than 5 years from the balance date amounts to TNOK 57 213 as of 31.12.15.

Construction loan in connection with the development of a new administration building has a facility of MNOK 190. The Group will convert this to a long-term liability when the construction is finalized during spring of 2016.

Leasing commitments

The remaining estimated lease payments on financial leases amount to NOK 6 630 000. Calculated at the discounted present value, this amounts to NOK 6 321 722.

The lease term ends within 3 years.

Note 13 - Inter-company balances Group companies

(Figures in NOK 1000)	31.12.2015	31.12.2014
Intercompany loans	5 125	44 683
Intercompany receivables	3 000	27 609
Other non-current liabilities	2 504	2 563
Other current liabilities	5 000	150

No repayment date has been set for loans to enterprises in the same Group.

NOTES

BRUNVOLL HOLDING AS / BRUNVOLL HOLDING GROUP

Note 14 - Cash flow hedges

The Group has entered into cash flow hedges resulting in net sales of currency against Norwegian kroner, which are distributed as follows by currency and quarter:

Outstanding forward contracts at 31 December 2015

	<i>Currency</i>	<i>Currency Amount</i>
Q1 2016	EUR	3 900 000
Q1 2016	USD	3 000 000
Q2 2016	EUR	3 200 000
Q2 2016	USD	10 690 000
Q3 2016	EUR	3 300 000
Q3 2016	USD	1 102 500
Q4 2016	EUR	3 550 000
Q4 2016	USD	200 000
Q1 2017	USD	1 102 500

The fair value of these hedges is not recognized, but at 31 December 2015 there was an unrealized loss of NOK 17 991 590 for hedges that mature in 2016 and NOK 345 622 for hedges that mature in 2017.



To the General Meeting of

Brunvoll Holding AS

INDEPENDENT AUDITOR'S REPORT FOR 2015

Report on the Financial Statements

We have audited the accompanying financial statements of Brunvoll Holding AS Group, which comprise the financial statements of the parent company, showing a profit of NOK 38.505.368,-, and the financial statements of the group, showing a profit of NOK 43.924.416,-. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at December 31, 2015, and the income statement and cash flow statement for the year then ended, and a summary of significant policies and other explanatory information.

The Board of Directors and the Managing Directors Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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 of 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 amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of 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 present fairly, in all material respects, the financial position of Brunvoll Holding AS Group as at December 31, 2015, and its financial performance and its cash flows for the year 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 of Brunvoll Holding AS

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 the allocation of the profit, 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 Standards of Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audit 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.

Molde, 8 April 2015

BDO AS

Jan Inge Torset
Registered Public Accountant

(Translation has been made for information purposes only)



BRUNVOLL