

NOTES TO THE ANNUAL ACCOUNTS FOR 2018

The SINTEF Foundation

All figures in TNOK

Note 1 Accounting principles

The Annual Accounts have been prepared in compliance with the Norwegian Accounting Act (regnskapsloven) of 17 July 1998 and in accordance with Norwegian accounting standards and guidelines for good accounting practice.

Consolidation principles

The consolidated accounts indicate the overall financial result and status of the parent organisation defined as the SINTEF Foundation and its ownership interests in other companies presented as a single financial entity. The consolidated accounts include the profit and loss accounts of all the companies in which the SINTEF Foundation owns more than 50% of the share capital and/or in which it has a determining influence.

The SINTEF Group is hereinafter referred to as SINTEF. We refer you to Note 6 for details regarding subsidiary companies.

SINTEF AS
SINTEF Energy Research AS
SINTEF Ocean AS and subsidiaries
SINTEF Manufacturing AS and subsidiaries
SINTEF Holding AS and subsidiaries

All significant transactions and inter-company accounts that are included in the consolidated accounts, together with unrealised intra-Group earnings, have been eliminated. The minority interests' share of the profit and loss account is incorporated into the Group's accounts, and the minority interests' share of equity is incorporated into the Group's equity.

Shares in subsidiaries have been eliminated from the consolidated accounts in accordance with the acquisition method. This means that the acquired company's assets and liabilities are recognised at their true value on the date of acquisition, and that any value in excess of this is classified as goodwill. In the case of partly-owned subsidiaries, only part of the goodwill is included in the balance sheet.

Main rule for the assessment and classification of assets and liabilities

Assets considered to be fixed or in use are classified as non-current assets. Other assets are classified as non-current assets. Receivables with payment due dates within one year are classified as current assets. Identical criteria are applied to the classification of short- and long-term liabilities.

Current assets are assessed at their acquisition cost or fair value, whichever is less.

Non-current assets are valued at acquisition cost, but are written down to their recoverable value if this is lower than their book value, and the reduction is not anticipated to be short-lived. Non-current assets with a limited economic lifetime are written-down according to a depreciation plan.

Other long-term and short-term liabilities are recognised at their nominal value.

Assets and liabilities in foreign currencies

Money items in foreign currencies entered in the balance sheet are converted using the exchange rate prevailing on the balance sheet date. Incoming and outgoing foreign exchange rate risks are mitigated by the use of futures contracts linked directly to the projects in question. Unsecured foreign currency revenues are used to cover current expenditure incurred in foreign currencies.

Intangible assets

Expenditures linked to intangible assets developed in-house, including those related to in-house research and development, are entered in their entirety as costs.

Intangible assets purchased singly are capitalised at their procurement cost. Intangible assets resulting from an enterprise acquisition are capitalised at their procurement cost when the criteria for such entries are met.

Intangible assets with a limited economic lifetime are written-down according to a depreciation plan. Intangible assets are written down to their recoverable value if the anticipated financial gains fail to compensate for the capitalised value and any outstanding production expenditures.

Fixed assets

Newly-acquired operating assets costing more than NOK 15,000, and with an anticipated economic lifetime of three years or more, are capitalised and written down. The assets are written down linearly according to their anticipated economic lifetime.

Shares in subsidiary companies, jointly controlled enterprises and affiliated companies

Investments in subsidiaries are assessed according to the equity method. Investments are adjusted according to the annual profit/loss share in the company in question. Dividends and other Group contributions from subsidiaries are recognised as receivables, with a contra entry under investments.

Investment in companies with significant influence (affiliated companies) are processed according to the equity method in both the company and Group accounts. Under normal circumstances, significant influence is said to exist when the company owns from 20 to 50 per cent of voting capital.

Other shares and units classified as non-current assets

Shares and units in which the company does not have significant influence are assessed according to the cost method. The investments are written-down to their fair value using a reduction in value that is not expected to be short-lived. Dividends from the companies are recognised as "Other financial revenues".

Shares and other financial instruments classified as current assets

Shares and other financial instruments that form part of the business portfolio are assessed at their true value on the balance sheet date.

Other current assets are assessed at their mean acquisition cost or true value on the balance sheet date, whichever is the lower. Shares in portfolio companies are classified as non-current assets. This applies to all investments in the portfolio regardless of ownership interest. This is because the ultimate objective of these investments is to dispose of the shareholding following active participation in the further development and commercialisation of the company.

Hedging

Realised and unrealised gains and losses from hedging instruments are not recognised in the profit and loss account before the hedged item in question has a bearing on said account.

Receivables

Client and other receivables are entered at their nominal value with deductions for anticipated losses. Provision for loss is made based on a case-by-case assessment of the accounts in question.

Work in progress

This item includes work carried out that is yet to be invoiced. Accrued hours are assessed at invoiceable rates and in accordance with the degree of completion of the project in question, with a deduction for anticipated losses.

Stocks

Inventories are valued either at acquisition cost according to the FIFO method or the net sales value, whichever is the lower.

Bank deposits, cash, etc.

Bank deposits, cash, etc. include cash, bank deposits and other means of payment for which the payment due date falls less than three months following procurement.

Pensions

The SINTEF Foundation and all its consolidated companies are legally required to operate an occupational pension scheme pursuant to the Norwegian Mandatory Occupational Pension Plan Act (lov om obligatorisk tjenestepensjon), and has established a pension arrangement that meets the requirements set out in the Act.

From 1 January 2016, the SINTEF Foundation changed its pension system from a defined benefit scheme to a premium-based hybrid scheme. Under the new pension agreement, only funds and obligations linked to employees who were on sick leave or disability benefit remain, together with the remaining retirees.

Under the new hybrid agreement, annual pension expenditures are equivalent to the contributions paid in.

SINTEF Energy Research, SINTEF Ocean AS and SINTEF AS have changed their arrangements from defined benefit pension schemes to premium-based hybrid schemes identical to the SINTEF Foundation model.

The following companies operate with collective premium-based pension agreements; SINTEF Manufacturing AS, SINTEF TTO AS and SINTEF Molab AS. Annual pension expenditures are equivalent to the contributions paid in.

AFP-related obligations set out in the LO/NHO arrangement constitute a multi-organisational, defined benefit scheme, which, since they are not quantifiable, are entered in the accounts in the form of a contribution-based arrangement.

Revenues

Revenues from projects are entered on an ongoing basis. This means that revenues are entered as a percentage reflecting the work completed, such that it is the completed share of the project's total anticipated earnings that is recognised as income. The percentage entered is determined on the basis of work actually completed.

In the case of projects that are anticipated to result in a loss, the entire anticipated loss is entered as costs.

Public sector funding in the form of research council grants, etc. is entered as revenue in accordance with the basic principles governing the accounting of revenues and expenditures. In other words, such funding is entered as revenue at the same time as the income it is intended to generate, or the expenditure it is intended to reduce. Contingent funding is not recognised as income until it is considered probable that the relevant conditions have been, or will be, met.

Investments and funding items are entered as net. Investment grants are deducted from the historical cost of the investment item. Licence revenues are pro rata over the term of the licence.

Tax expenditures

The SINTEF Foundation is a universally beneficial research foundation. Its objective is to contribute towards the development of society by carrying out research in the natural sciences, technology (including the fields of building and construction), health and the social sciences in collaboration with NTNU. This objective will be achieved by means of the acquisition of high-quality expertise and in close co-operation with NTNU, our industrial project partners, public sector agencies and other research and educational institutions.

Tax expenditures are collocated with the pre-tax accounting profit/loss. Taxes linked to equity transactions are entered against equity. Tax expenditures comprise current taxes (taxes related to the year's directly taxable revenues) and changes in net deferred tax assets. Deferred tax benefits considered probable in the light of anticipated future revenues are capitalised. Deferred tax and deferred tax benefits are entered as net in the balance sheet.

No provision is made for tax on profit shares recognised as revenue from Norwegian subsidiaries or Norwegian affiliated companies due to the exemption method.

The SINTEF Foundation is a non-profit organisation. It may participate in non-profit research enterprises and in enterprises that are based primarily on research results produced by the SINTEF Group. The Foundation pays a wealth tax on the share of its capital that is not linked to its research activities.

Cash Flow Statement

The cash flow statement is prepared based on the indirect method.

Costs

As a general rule, costs are recognised in the accounts for the same period as appurtenant revenues. In situations where there is a clear connection between expenditure and revenues, entries are distributed on the basis of discretionary criteria. Other exemptions from the matching principle are indicated where relevant.

Note 2 Sales revenues

The SINTEF Foundation			SINTEF	
2017	2018	Institute	2018	2017
330 414		SINTEF Building and Infrastructure		
409 694		SINTEF Digital		
721 367		SINTEF Industry (previously SINTEF Materials and Chemistry)		
264 906		SINTEF Technology and Society		
188 606	281 057	SINTEF inter-company services		
1 914 988	281 057	Total SINTEF Foundation	281 057	1 914 988
		SINTEF AS, dep. Building and Infrastructure	366 329	
		SINTEF AS, dep. Digital	518 977	
		SINTEF AS, dep. Industry	895 893	
		SINTEF AS, dep. Technology and Society	127 608	
		SINTEF AS, dep. Inter-Company Services	100 344	
		SINTEF Ocean AS	629 206	601 554
		SINTEF Ålesund AS	5 974	
		SINTEF Energy Research AS	493 629	466 715
		SINTEF Petroleum AS (now merged as part of SINTEF AS)		186 862
		SINTEF Manufacturing AS	146 274	131 826
		SINTEF Raufoss Manufacturing Kongsvinger AS	599	
		SINTEF Flowtech AS	454	
		SINTEF Holding (Group)	157 326	135 009
		Eliminated inter-company transactions	-465 510	-198 386
		Total SINTEF	3 258 160	3 238 568
The SINTEF Foundation			SINTEF	
2017	2018	Geographical market:	2018	2017
1 624 834	281 057	Norway	2 850 999	2 781 834
241 580	0	EU/ Europe	320 313	327 680
48 574	0	Other	86 849	129 054
1 914 988	281 057	Total	3 258 160	3 238 568

Note 3 Salary expenditures, employees, allowances, salaries to employees, etc.

The SINTEF Foundation			SINTEF	
2017	2018		2018	2017
825 121	54 345	Salary expenditures	1 443 949	1 444 578
107 121	10 734	Employer national insurance contribution:	221 444	202 011
109 088	19 568	Pension expenditures (see note 12)	183 030	178 330
25 868	3 113	Other benefits	62 554	41 007
1 067 198	87 760	Total	1 910 977	1 865 928
1 005	78	Total full-time equivalents employed during the accounting year	1 886	1 785

Loans and securities

The SINTEF Foundation			SINTEF	
2017	2018	Loans to	2018	2017
251	2000	Employees	2000	254

Benefits to high-level personnel

	Salaries	Pension expenditures	Other allowances
Group President	3 876	115	188
The Board	-	-	1 316

The CEO is included in SINTEF's current collective pension arrangement for that part of her salary up to 12G.

The CEO is also included in the current pension accrual compensation arrangement for that part of her salary exceeding 12G. This provides her with an opportunity to achieve approx. 66% of her salary exceeding 12G on reaching 67, based on her own contribution savings. The CEO has a 6-month mutual period of notice combined with an arrangement involving a 12-month termination payment should the Board require her employment contract be terminated. Other income for the period will not be deducted.

The Board has put in place guidelines for a bonus system for the CEO and members of Group Management as part of which any payments are performance-based and cannot exceed two months' salary.

Auditor

Auditor's fees:

The SINTEF Foundation			SINTEF	
2017	2018		2018	2017
390	85	Mandatory audit	990	1 251
371	12	Other attestation services	1 268	683
-	-	Tax consultancy	32	22
92	-	Legal consultancy	-	117
-	-	Other services exclusive of the audit	556	325
853	97	Total	2 846	2 398

Note 4 Intangible assets

The SINTEF Foundation	Concessions, patents, etc.	Total
Procurement cost 01.01	145 081	145 081
Losses on enterprise merger	-145 081	-145 081
Procurement cost 31.12	-	-
Acc. depr., write-downs and rev. write-downs 31.12.	-	-
Book value as of 31.12	-	-
Annual depreciations	-	-
Economic lifetime	10 years	
Depreciation plan	linear	

SINTEF	Concessions, patents, etc.	Total
Procurement cost 01.01	145 081	145 081
Acquisitions	8 226	8 226
Disposals	0	0
Procurement cost 31.12	153 307	153 307
Acc. depr., write-downs and rev. write-downs 31.12.	75 485	75 485
Book value as of 31.12	77 822	77 822
Annual depreciations	17 335	17 335
Annual write-downs	-	-
Annual rev. write-downs	-	-
Economic lifetime	10 years	
Depreciation plan	linear	

Note 5 Fixed assets

The SINTEF Foundation	Build. and other fixed property	tangible operating assets			Total
		Scientific equipment	inventories tools, etc.	Building(s) under construction	
Procurement cost 01.01	746 588	225 684	64 465	29 713	1 066 450
Gains/losses on enterprise merger	-	-225 684	-64 465	-15 590	-305 739
Gains on purchased assets	15 932	-	-	-4 406	11 525
Disposals	-	-	-	-	-
Procurement cost 31.12	762 519	0	(0)	9 717	772 237
Acc. depr., write-downs and rev. write-downs 31.12.	395 314	-	-	-	395 314
Book value as of 31.12	367 206	0	(0)	9 717	376 923
Annual depreciations	31 852	-	-	-	31 852
Annual write-downs	-	-	-	-	-
Annual rev. write-downs	-	-	-	-	-
Economic lifetime	10 - 50 years	3 years	3 years		
Depreciation plan	linear	linear	linear		
Annual lease of non-capitalised assets	45 115				45 115
Non-capitalised duration of lease contract	10 years	-			

SINTEF	Build. and other fixed property	Tangible operating assets			Total
		Scientific equipment	inventories tools, etc.	Building(s) under construction	
Procurement cost 01.01	1 018 436	532 876	116 558	32 959	1 700 829
Gains on purchased assets	20 225	48 706	7 821	-3 487	73 264
Disposals	0	0	0	0	0
Procurement cost 31.12	1 038 661	581 582	124 379	29 471	1 774 093
Acc. depr., write-downs and rev. write-downs 31.12.	495 150	389 210	103 536	-	987 896
Book value as of 31.12	543 511	192 371	20 843	29 471	786 197
Annual depreciations	45 452	47 963	10 180	-	103 596
Annual write-downs	-	4 460	-	-	4 460

Annual rev. write-downs	-	-	-	-	-
Economic lifetime Depreciation plan	10 - 50 years linear	3 years linear	3 years linear		
Capitalised lease agreements incl. in procurement costs	-	-	4 092	-	4 092
Annual lease of non-capitalised assets	209 115	-	32 004	-	241 119
Non-capitalised duration of lease contract	10 years		3-5 years		

Operational leasing of office equipment and vehicles are recognised as expenditures on an ongoing basis and in their entirety. Leasing agreements have terms of between 3 and 5 years. The company refrains from purchase on termination of leasing periods..

On assessing the depreciation of scientific equipment, this is written down to an assumed utility value of NOK 0.

Note 6 Subsidiaries, jointly-controlled enterprises and affiliated companies

The SINTEF Foundation's subsidiaries	Date of acquisition	Consolidated (yes/no)	Head office	Voting and own. share 31.12.2017	Voting and own. share 31.12.2018
SINTEF Holding AS	01.01.1988	yes	Trondheim	100,00 %	100,00 %
SINTEF Energy Research AS	16.12.1985	yes	Trondheim	61,01 %	61,01 %
SINTEF Ocean AS	19.12.1984	yes	Trondheim	71,61 %	71,60 %
SINTEF AS	17.07.2017	yes	Trondheim	100,00 %	100,00 %
SINTEF Manufacturing AS	11.05.2017	yes	Raufoss	50,07 %	50,07 %

The accounts of subsidiary companies are prepared according to the equity method.

	SINTEF Petroleum Research	SINTEF AS	SINTEF Ocean AS	SINTEF Energy Research AS
Original acquisition cost	9 000	187 106	241 896	4 600
Capitalised equity on date of acquisition	9 000	187 106	261 595	4 600
Directly attributable added/subtracted value				
Non-recognised value of previously-owned assets			-21 118 (1)	
Goodwill			1 419	
Opening balance 01.01.	274 167	30	273 989	224 337
Share of annual profit/loss	-178	76 623	14 166	15 127
Previous years' errors entered against "other equity"	0	-1 566	-16 129	-660
Merger	-273 989	273 989	0	0
Changes in capital	0	178 076	0	0
Sale of enterprise recognised against investment 2)	0	-213 900	0	0
Closing balance 31.12.	-	313 252	272 026	238 804

1) The amount NOK 21.1 million represents added value linked to the merger. In January 2017 SINTEF Ocean AS, in its role as controlling company, merged with SINTEF Fisheries and Aquaculture AS. The merger was carried out according to the rules set out in Chapter 13 of the Norwegian Limited Liability Companies Act (*aksjeloven*) and recognised in accordance with the acquisition method in compliance with NRS 9. This method entailed that identifiable assets and obligations in the controlling company are capitalised at market value in the merged company. In connection with the recognition of assets according to the equity method, we are not able to incorporate the added value of assets that are already assigned ownership. Goodwill amounting to NOK 1.4 million has emerged in the form of non-cash contributions.

2) We refer to the explanation in Note

	SINTEF Manufacturing AS	SINTEF Holding AS	TOTAL
Original acquisition cost	7 931	6 670	457 203
Capitalised equity on date of acquisition	7 931	6 670	476 902
Directly attributable added value			
Non-recognised value of previously-owned assets			-21 118
Goodwill			1 419
Opening balance 01.01.	8 631	69 671	850 825
Share of annual profit/loss	1 904	1 860	109 502
Previous years' errors entered against "other equity"	0	-381	-18 737
Merger			0
Changes in capital		47 600	225 676
Sale of enterprise recognised against investment			-213 900
Closing balance 31.12.	10 535	118 750	953 366

The table shows other subsidiaries incorporated within the Group. For an explanation of the consolidation principle, we refer to the information presented in Note 1.

AS	AC	SINTEF Holding AS	31.12.2000	Trondheim	30 %	30 %
AS	AC	SINTEF Venture AS	26.11.2013	Trondheim	48 %	48 %
AS	AC	SINTEF Venture AS	19.05.2018	Trondheim	0 %	22 %
LedaFlow Technologies DA	AC	SINTEF Flowtech AS	19.12.2014	Trondheim	25 %	25 %
Offshore Simulator Centre AS	AC	SINTEF Ocean AS	28.06.2004	Ålesund	25 %	25 %

The companies' accounts are prepared according to the equity method in the company and Group accounts (see the table below).

	SINTEF Flowtech	Offshore Simulator Centre AS	LedaFlow Technologies SA
Original acquisition cost	13 317	910	13 300
Capitalised equity on date of purchase	13 317	910	13 300
Opening balance 01.01.	2 314	3 932	0
Correction of previous years' errors			0
Share of annual profit/loss	2 270	401	-1 370
Other changes	-4 584		2 880
Write-down added value			
Paid-in equity			
Closing balance 31.12.	0	4 333	1 510

	Rise Fire Research AS	SINTEF Venture IV AS	SINTEF Venture V AS	Total Group
Original acquisition cost	1 300	58 300	7 337	27 527
Capitalised equity on date of purchase	1 300	58 300	7 337	27 527
Opening balance 01.01.	0	33 711	0	6 246
Correction of previous years' errors				0
Share of annual profit/loss	385	-3 306	-2 656	-4 277
Other changes				-1 704
Paid-in equity		11 257	7 337	18 594
Closing balance 31.12.	385	41 663	4 681	52 571

Note 7 Other financial instruments

The SINTEF Foundation

Non-current assets

Shares and units in companies in which the ownership interest under an obligation to prepare accounts is greater than 10%, or where the capital investment is greater than 50% of the capital under an obligation to prepare accounts.

	Ownership interest	Book value
Other minor shareholdings	<10%	157
Total		157

SINTEF

Non-current assets

Other shares consist of:

	Owner at	Ownership	Book value
NATMIG AS	SINTEF Holding Group	25,00 %	25
Trøndelag Forskning og Utvikling AS	SINTEF Holding Group	10,02 %	500
Catapult life search	SINTEF Holding Group	11,00 %	55
Lean Lab Norge AS	SINTEF Manufacturing AS	16,67 %	200
Nordic Additive Manufacturing AS	SINTEF Manufacturing AS	11,00 %	400
Total Innovasjon AS	SINTEF Manufacturing AS	13,35 %	22
Other minor shareholdings		<10%	4 783
Total			5 985

SINTEF

Current assets

Other shares retained as current assets

	Owner at	Ownership	Book value
Biosbergen AS	SINTEF Holding Group	10 %	1 190
PoLight AS	SINTEF Holding Group	3 %	16 167
SpinChip Diagnostics AS	SINTEF Holding Group	28 %	18 775
MarbiLeads AS	SINTEF Holding Group	100 %	4 130
Value adjustments			-35 294
Total Group			25 521

Value adjustments made in 2018

-5 176

Note 8 Bonds and other securities

Placements in SINTEF and the SINTEF Foundation

The placements are allocated as follows (amounts in NOK 1000):

All figures in NOK	Procurement cost	Capitalised value	Company's	Rec. change in	Company share of
Bank deposits and derivatives	22 654	22 654	9 388	-	-
Total bank deposits and derivatives	22 654	22 654	9 388	-	-
<i>Fixed-interest securities</i>					
Money market unit trusts	183 131	182 147	75 483	-	-
Bond funds	88 959	87 183	36 129	-	-
Total fixed-interest securities	272 089	269 330	111 613	3 637	1 507
<i>Equity funds in Norway</i>					
Global equity funds	10 008	11 099	4 599	-	-
Total equity funds	35 201	33 593	13 921	-	-
Total equity funds	45 209	44 693	18 521	-4 755	-1 970
Total allocated placements	339 952	336 676	139 521	-1 117	-463

Note 9 Receivables with due date in more than one year's time

The SINTEF Foundation		SINTEF	
2017	2018	2018	2017
12 539	189 078	Long-term receivables due to companies in same Group	-
32 927	31 470	Other receivables	35 129
			25 055

Note 10 Equity

The SINTEF Foundation

	Foundation's equity	Fund for assessment differences	Other equity	Total equity
Equity as of 01.01.	71 350	703 986	1 336 329	2 111 665
Annual profit/loss		90 765	31 399	122 165
Correction of previous years' errors			-18 737	-18 737
Total equity 31.12.	71 350	794 751	1 348 992	2 215 093

Reversal of the majority's share of added value linked to the merger of SINTEF Ocean AS in 2017.

In connection with the merger of SINTEF Ocean and SINTEF Fisheries and Aquaculture in 2017, a significant gain devolved to the parent company. In accordance with good accounting practice this gain was recognised directly against equity in the company accounts. However, since the parent company uses the equity method to present investments in its subsidiary companies, the majority's share of the gain should have been reversed from equity. A correction has thus been made in the annual accounts.

SINTEF

	Foundation's equity	Other equity	Minorities' equity	Total equity
Equity as of 01.01.	71 350	2 006 498	269 989	2 347 837
Annual profit/loss		121 868	21 028	142 896
Dividend minority interests			-931	-931
Correction of previous years' errors		15 345	-5 307	10 038
Total equity 31.12.	71 350	2 143 711	284 779	2 499 840

Note 11 Pension plan expenditures, assets and liabilities

The SINTEF Foundation		SINTEF		
2017	2018		2018	2017
94 176	19 568	Premium-based hybrid scheme entered as costs	175 458	156 362
1 633	-	Cost of defined benefit scheme	5 861	6 453
-	-	Other pension plan expenditures	-	-
13 279	-	Accrued employer contribution	121	15 517
-	-	Present value of annual pension plan accruals	468	-
-	-	Interest costs of pension liabilities	802	-
-	-	Return on pension plan assets	-600	-
-	-	Adm. charges	171	-
-	-	Recognised estimate losses/(gains)	477	-
109 088	19 568	Total pension plan expenditures	182 756	178 330

The SINTEF Foundation	Secured (collective)	Other unsecured	Total
Accrued pension liabilities	-	-	-
Pension plan assets (market value)	-	-	-
Unrecognised effect of actuarial gains and losses	-	-	-
Unrecognised effect of implementation discrepancies	-	-	-
Unrecognised effect of plan amendments	-	-	-
Accrued employer contribution	-	-	-
Net pension obligation	-	-	-
Of which over-financed liabilities	-	-	-
Of which under-financed liabilities	-	-	-

SINTEF	Secured (collective)	Other unsecured	Total
Accrued pension liabilities	4 569	37 564	42 133
Pension plan assets (market value)	-2 134	-2 801	-4 935
Unrecognised effect of actuarial gains and losses	-695	-10 270	-10 965
Unrecognised effect of implementation discrepancies	-	-	-
Unrecognised effect of plan amendments	-	-	-
Accrued employer contribution	96	2 835	2 931
Net pension obligation	1 836	27 328	29 164
Of which over-financed liabilities	-	-	-3 516
Of which under-financed liabilities	-	-	32 680

The SINTEF Foundation	31.12	No. of persons included in the scheme	SINTEF	01.01
		<u>Defined benefit scheme:</u>		
		Active	25	35
177	-	Pensioners	216	193
177	-	Total	241	228

Economic assumptions (defined benefit schemes)	31.12	01.01
Discount interest rate	2,60 %	2,40 %
Anticipated salary adjustments	2,75 %	2,50 %
Anticipated pension increase	1,75 %	1,50 %
Anticipated adjustment to the basic national insurance pension rate (G)	2,50 %	2,25 %
Anticipated return on pension plan assets	4,30 %	4,10 %
Actuarial assumptions (defined benefit schemes)	31.12	01.01
Applied mortality table	K2013BE	K2013BE
Applied work disability scale	IR02	IR02
Anticipated withdrawal frequency (AFP)	0 - 50 %	0 - 50 %
Voluntary retirement (all ages)	0 - 10 %	0 - 15 %

Note 12 Other long-term liabilities

The Group has no liabilities with due dates later than five years following the end of the accounting year.

Note 13 Transactions and intra-Group accounts with closely-affiliated parties

Internal transactions between the Foundation and other companies in the Group constituted sales of NOK 248 million (excl. VAT) and purchases amounting to NOK 152 million.

Note 14 Tax expenditures

The SINTEF Foundation	Annual tax expenditure is as follows:		SINTEF
2017	2018		2017

0	110	Current taxes	18 285	2 488
43 308	73 464	Changes in deferred tax assets	41 030	70 652
0	-63 893	Changes recognised against equity	0	0
108	0	Adjustment of current taxes from previous years	-969	-7 580
43 415	9 681	Total tax expenditures	58 346	65 559

The SINTEF Foundation		SINTEF		
2017	2018	Current taxes recognised in the balance sheet	2018	2017
0		0 Annual current taxes	18 285	2 488
0		0 Tax on allocated group contribution	0	0
0		0 Deficit/excess in deferred tax from previous years	0	0
-	-	Current taxes recognised in the balance sheet	18 285	2 488

2017	2018	actual tax rate	2018	2017
195 370	131 846	Annual profit/loss before tax	201 242	234 205

46 889	30 325	Anticipated tax on revenues according to nominal tax rate (23/24%)	46 286	56 209
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Tax effect of the following items:

0	0	Tax-free dividends	-28	0
-11 087	-25 185	Share of earnings; subsidiaries, JCEs and ACs	1 703	0
0	465	Other permanent differences, investments (exemption method)	317	-653
1 028	0	Other non-deductible expenditures	11 370	989
-1 680	0	Other non-taxable revenues	-709	-3 621
0	7	Re-evaluation of deferred tax benefit	-9 511	-414
6 982	3 961	Effects of changes in taxation rules and rates	10 415	11 207
108	0	Adjustment of current taxes from previous years	534	108
0	110	Calculated wealth tax	110	0
1 176	-	Other items	-2 143	1 734
43 415	9 681	Total tax expenditures	58 346	65 559
22 %	7 %	Effective tax rate	29 %	28 %

The SINTEF Foundation

Specification of tax effect of temporary differences and deficit carried forward:

	Asset		Obligation		Asset		Obligation	
Fixed assets		127 026		-	136 382		-	
Stocks		0		0	0		0	
Receivables		-		162	4 457		-	
Losses and gains account		-		49 752	-		1 071	
Pension liabilities		-		-	5 150		-	
Pension plan assets		0		-	0		0	
Unutilised allowances		0		-	0		0	
Deficit carried forward		24 060		-	17 617		-	
Total		151 086 491		49 914	176 346		1 071	
Deferred tax assets		101 172		-	175 275		-	
Non-capitalised deferred tax assets		14 041		-	14 679		-	
Net deferred assets in the balance sheet		87 132		-	160 596		-	

Deferred tax assets are presented on the basis of future revenues.

SINTEF

Specification of tax effect of temporary differences and deficit carried forward:

	2018		2017	
	Asset	Obligation	Asset	Obligation
Fixed assets	238 141	0	200 650	-
Stocks	0	0	0	0
Receivables	5 378	167	15 383	-
Losses and gains account	0	54 679	-	1 144
Accounting-related provisions	42 644	0	34 473	-
Pension liabilities	4 168	0	6 658	32
Pension plan assets	0	231	-	2
Deficit carried forward	39 841	0	68 453	-
Recalculated, unutilised tax credit carried forward	0	0	1 842	-
Total	330 172	55 076	327 461	1 177
Deferred tax assets	275 096	-	326 283	-
Non-capitalised deferred tax assets	50 634	-	60 794	-
Net deferred assets in the balance sheet	224 461	-	265 491	-

Deferred tax assets are presented on the basis of future revenues.

Note 15 Other current liabilities

Under the item "Other current liabilities" (SINTEF), provisions are included for holiday outstanding, holiday pay and additional time worked within working hours, restructuring processes, obligations related to unpaid invoices recognised as costs, obligations to other participants in connection with coordination responsibilities linked to EU projects and current EU funding.

Note 16 Secured debt and guarantees, etc.

The SINTEF Foundation		SINTEF		
2017	2018	Recognised liabilities guaranteed with secured debt arrangements	2018	2017
-	-	Debt to credit institutions	2 336	2 733
2017	2018	security for recognised liabilities	2018	2017
-	-	Machinery, etc.	4 924	3 867
-	-	Buildings	2 271	2 581
-	-	Other	48 813	49 831
-	-	Total	56 008	56 279
-	-	Guarantee liabilities	-	-

SINTEF has entered into an agreement with Sparebank 1 SMN concerning a shared, multi-user, technical account system for the legal entities within the Group. Sparebank 1 SMN is entitled only to carry out offsets in accounts which the respective legal entities have with the bank, regardless of account type and currency.

EU funding, together with tax withholdings, is held in separate accounts outside the multi-user system.

The banking agreement with Sparebank 1 SMN was renewed in 2016. As part of the agreement, the SINTEF Foundation commits to providing security in the form of property to the value of NOK 100 million (collateral).

The SINTEF Group is involved in certain litigations resulting from its ordinary business activities. The SINTEF Group considers that any liabilities linked to these will have no major bearing on the profit and loss account of the SINTEF Group, its liquidity, or financial standing.

In 2014 SINTEF, together with the European Investment Fund and *Sparebank 1 SMN*, established SINTEF Venture IV, and investment fund worth NOK 209 million. SINTEF has decided to invest NOK 100 million via SINTEF Venture AS. As a shareholder in SINTEF Venture AS, SINTEF Holding AS, on behalf of the SINTEF Foundation, has undertaken to participate in investments linked to SINTEF Venture IV AS. As of 31.12.2018 the company has committed all capital and has no outstanding commitment obligations.

In 2018 SINTEF, together with the European Investment Fund and *Sparebank 1 SMN*, established SINTEF Venture V, and investment fund worth NOK 500 million. SINTEF has decided to invest NOK 102.6 million via SINTEF Venture AS. As a shareholder in SINTEF Venture AS, SINTEF Holding AS, on behalf of the SINTEF Foundation, has undertaken to participate in investments linked to SINTEF Venture V AS. As of 31.12.2018, outstanding commitment obligations amounted to NOK 102.6 million.

SINTEF is exposed to currency exchange fluctuations in that some of its project revenues are in currencies other than those pertaining to all or part of the relevant expenditures. This exposure is primarily in EUR and USD. In order to mitigate this risk, futures contracts have been entered into in the currencies in question. The vast majority of the currency futures are linked to contractual project revenues in foreign currencies.

An authorisation is in place to permit the use of large "block guarantees", if necessary.

SINTEF holds a liquidity reserve which is placed centrally on behalf of the companies that wish to participate. The portfolio is placed in accordance with the "Rules governing financial management" (Regler for finansforvaltning), approved by the Board on 13 September 2017.

As of 31.12.2018, SINTEF's financial portfolio had a market value of NOK 337 million. The SINTEF Foundation's share of this portfolio was 41%.

The portfolio contains for the most part money market and bond funds, and as of 31.12.2018, had a duration of 0.37. A change in the interest rate of 1% will have an effect on the profit and loss account of NOK 0.5 million for the total portfolio. The SINTEF Foundation's share of this risk is NOK 0.3 million. The remainder of the portfolio consists of liquid assets and investments placed in well-diversified funds.

Note 17 Other provisions for obligations

This accounting item is linked to obligations relating to share acquisitions in portfolio companies. The debt will be settled in accordance with SINTEF's guidelines on profit allocation.

An obligation relating to salary payments due to a previous CEO has also been recognised.

Note 18 Currency

The SINTEF Foundation and Group companies hedge their revenues in other currencies by means of future exchange contracts with the bank. These contracts are either unique to the projects in question, or form part of a number of block guarantees with quarterly maturity dates.

In the table below, the item "Revenues 2019 -2024" includes the total value of futures contracts secured against currency fluctuation risk, expressed in NOK as of 31 December 2018 (market value). Futures contracts represent the net position (purchase vs. sales) that remains outstanding at year-end, expressed in NOK as of the due date.

* Bank is exclusive of EU Coordinator projects.

Currency	EUR	USD	GBP
Bank deposits	-2 441	-19 978	-760
Client receivables	1 356	2 534	40
Accounts payable to suppliers	-1 274	-1 196	-1 460
Revenues 2019-2024	349 483	32 201	909
Futures contracts	-341 159	-26 014	-909
Of this, hedging finance portfolio			
Net exposure	5 965	-12 453	-2 179

Currency	DKK	SEK	Other	Total
Bank deposits	-3 749	40	1 589	-25 298
Client receivables	359	554	0	4 844
Accounts payable to suppliers	-215	-53	7	-4 189
Revenues 2019-2024	499	1 034	0	384 126
Futures contracts	-499	-79	0	-368 660
Of this, hedging finance portfolio				0
Net exposure	-3 605	1 497	1 597	-9 178

Note 19 Bank deposits

Bank deposits, cash, etc. include reserved tax-deductible funds to the value of NOK 8.7 million and NOK 109 million for the SINTEF Foundation and SINTEF respectively.

Note 20 Sale of companies

At the start of 2018 SINTEF AS carried out an enterprise merger of its research companies within the SINTEF Foundation.

The merger was executed with accounting continuity and payments at market value.

The difference between the payment amount and the booked value of merged assets amounted to NOK 213 900 million, and is recognised against investment.

Comparative figures

If the enterprise merger had taken place before 1.1.2017, the comparative figures for the company accounts would have been as follows

	2018	2017
Operating revenues	281 057	167 968
Operating profit	12 349	8 000
Annual profit/loss	122 165	151 955