



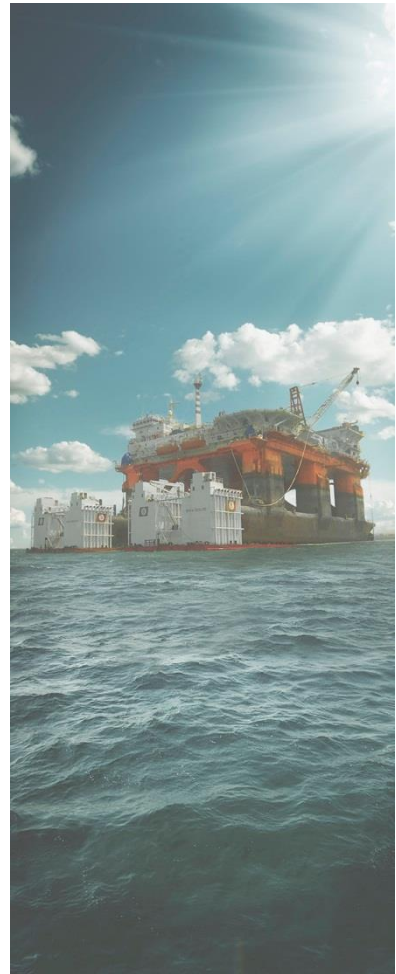
BOA

Annual Report

Boa OCV AS

2017

Org.nr. 984 158 939



BOA OCV AS

BOARD'S ANNUAL REPORT FOR 2017

Nature and location of activities:

The company owns and subsequently charters out the offshore construction vessels "Boa Deep C" and "Boa Sub C". The main office of the company is located in Trondheim. Management of these vessels is undertaken by Boa Management AS.

Work environment:

The company does not have any employees. Seafaring personnel and management services are hired from Boa Crewing 2 AS and Boa Management AS. Boa Management AS has been responsible for the management and administration of the company. The Board is of the opinion that the work environment on board the vessels is good. Absence due to sick leave on board the vessels has been low and there was no serious accidents on board in 2017.

Equal opportunity:

The work force is dominated by men, but there are several positions filled by women. It has proven difficult to find women with the required qualifications and experience to apply for work in a maritime-related job on this type of vessel.

Health, safety, the environment and quality:

The goal of the company's health, safety, environment and quality policy is embedded in the quality control system of Boa Management AS. There were no serious personal injuries among hired personnel in 2017.

External environment:

The operation of an offshore construction vessel includes a certain risk for the spill of marine diesel oil products. However, no abnormal spillage has been recorded from the vessels which follows laid down procedures when bunkering of diesel and other potential contaminating liquids.

Continued operation:

The financial restructuring of Boa OCV AS and the Boa Offshore Group was completed in July 2017. The restructuring included extended maturity date to December 2020 on the bond with full amortization holiday, interest cost to be carried as PIK interest and immediate and future cash distributions. As a part of the restructuring agreement, Boa OCV AS had to write off parts of the intercompany loan to the parent company Boa Offshore AS.

Booked value of equity is lost, but there are additional values in the vessels that make the fair value of book equity positive.

Based on the restructuring agreement, the cash position in the company and the current status on contracts and prospects for the vessels, the board's assessment is that the conditions for continued operation has been complied with, and the accounts have been presented under this assumption.

Review of annual accounts:

The operating profit was MNOK -5,9 (MNOK -88,4).

The financial result was MNOK -335,0 (MNOK -44,9).

The year-end profit was MNOK -357,8 (MNOK -133,0).

Total year-end assets were MNOK 966,8 (MNOK 1.384,0), and the percentage of shareholder's equity on December 31, 2017 was 0 % (13,9 %).

Financial risk:

Market risk:

The company is susceptible to fluctuations in currency exchange rates. A considerable percentage of the company's earnings are in USD and EUR. However this market risk is to a certain degree reduced by the company also having certain operating purchases denominated in USD and EUR. The company continuously monitors the currency markets and reduces currency exposure when appropriate by entering into forward agreements or other financial contracts to reduce currency risk.

Credit risk:

The company is exposed to the risk that the contracting parties will not have the financial means to meet their obligations. No agreements have been entered into or other financial means established to minimize the company's credit risk.

Liquidity risk:

The company's liquidity position of 31.12.2017 is mNOK 126,7. The company is financed by debt and equity. The company has a bond of mNOK 1200 listed at Oslo Stock Exchange Nordic ABM with maturity date in December 2020, and outstanding bond amount per 31.12.2017 is mNOK 1078. If the company fails to repay or refinance its loan facility, additional equity financing may be required. If the current market conditions persists over time there is no assurance that the company will not experience cash flow shortfall.

Appropriation of profits:

The annual results for Boa OCV AS were MNOK -357,8. The Board proposes the following disposal:

Transfer from other equity: MNOK 357,8

Events after the balance sheet date:

No events took place after the end of the financial year that would affect the evaluation of the company's profit and loss account or balance sheet.

Future development:

The short to medium term outlook for the subsea vessel segment remains challenging. However, based on oil prices above USD55-60/bbl it is anticipated that the subsea market will pick gradually up in coming years. This will most likely not translate into higher income before 2019-2020, and 2018 is therefore expected to be at least as challenging as 2017 from an earnings perspective.

The long-term market outlook for the subsea segment remains prospective. Deepwater oil and gas reserves come at a marginal cost lower than a number of other sources of oil and gas, and a significant part of discovered oil and gas reserves over the last decade has been made in offshore deepwater. Thus we believe that deepwater and subsea will remain important for oil companies also in the future.

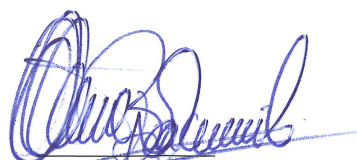
Boa Sub C ended its contract in the North Sea in December and has since completed the 10-year class survey. Boa Deep C has entered into a new 6+ 6 months contract in West Africa and commenced work in January. There are some short to medium term prospects for work in 2018 for Boa Sub C. However, competition for these contracts is stiff and dayrates are expected to remain subdued.

Unless the company is able to secure new contracts in due course, stacking of the vessels will be considered.

Trondheim, 07.03.2018



Helge Kvalvik
chairman of the board



Ole T. Bjørnevik
member of the board



Kristian Bodden
member of the board

Income Statement

Boa OCV AS

Operating income and operating expenses	Notes	2017	2016
Operating income	2	<u>260 695 314</u>	<u>214 804 660</u>
Operating income		<u>260 695 314</u>	<u>214 804 660</u>
Operating expenses ship	11	123 832 272	131 058 289
Payroll expenses	11	65 988 790	70 213 529
Depreciation	4	55 769 311	58 395 148
Write down on tangible and intangible assets	4	470 002	1 498 422
Other operating expenses	3	<u>20 512 734</u>	<u>42 005 331</u>
Operating expenses		<u>266 573 109</u>	<u>303 170 720</u>
Operating profit		<u>-5 877 795</u>	<u>-88 366 060</u>
Financial income and expenses			
Interest income from group entities	11	22 229 088	37 035 634
Other interest income		105 339	211 694
Other financial income		10 738 410	7 709 060
Interest expense to group entities	11	1 311 754	663 469
Other interest expenses		86 852 138	76 692 268
Other financial expenses	1	<u>279 875 503</u>	<u>12 546 503</u>
Net financial income and expenses		<u>-334 966 558</u>	<u>-44 945 852</u>
Operating result before tax		<u>-340 844 353</u>	<u>-133 311 912</u>
Tax on ordinary result	9	16 980 140	-337 026
Operating result after tax		<u>-357 824 493</u>	<u>-132 974 886</u>
Annual net profit		<u>-357 824 493</u>	<u>-132 974 886</u>
Brought forward			
From other equity	6	<u>357 824 493</u>	<u>132 974 886</u>
Net brought forward		<u>-357 824 493</u>	<u>-132 974 886</u>

Balance sheet

Boa OCV AS

Assets	Notes	2017	2016
Fixed assets			
Intangible fixed assets			
Deferred tax asset	9	<u>0</u>	<u>14 264 180</u>
Total intangible assets		<u>0</u>	<u>14 264 180</u>
Tangible fixed assets			
Vessels	4, 10, 11	<u>641 993 853</u>	<u>687 131 754</u>
Total tangible fixed assets		<u>641 993 853</u>	<u>687 131 754</u>
Financial fixed assets			
Loans to group companies	8, 10	149 832 164	576 717 006
Other receivables		474 695	0
Total financial fixed assets		<u>150 306 858</u>	<u>576 717 006</u>
Total fixed assets		<u>792 300 712</u>	<u>1 278 112 939</u>
Current assets			
Inventories		2 077 461	7 431 404
Debtors			
Accounts receivables	10	36 701 500	6 033 221
Loans to group companies	8	38 310	41 026 648
Other receivables		8 972 521	6 419 561
Total debtors		<u>45 712 331</u>	<u>53 479 430</u>
Cash and bank deposits	10	126 717 504	44 953 459
Total current assets		<u>174 507 295</u>	<u>105 864 294</u>
Total assets		<u>966 808 007</u>	<u>1 383 977 233</u>

Balance sheet

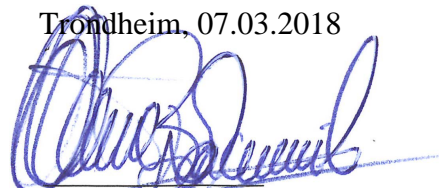
Boa OCV AS

Equity	Notes	2017	2016
Restricted equity			
Share capital	5, 6	100 000	100 000
Share premium	6	80 108 000	80 108 000
Other restricted equity	6	14 444 514	14 444 514
Total restricted equity		<u>94 652 514</u>	<u>94 652 514</u>
Retained earnings			
Other equity	6	-260 160 805	97 663 688
Total retained earnings		<u>-260 160 805</u>	<u>97 663 688</u>
Total equity		<u>-165 508 292</u>	<u>192 316 201</u>
Liabilities			
Other long term liabilities			
Bonds	7, 10	1 078 427 202	1 000 000 000
Group liabilities	8	0	55 363 469
Total of other long term liabilities		<u>1 078 427 202</u>	<u>1 055 363 469</u>
Current liabilities			
Trade creditors		18 302 848	38 578 714
Liabilities to group companies	8	286 278	69 460 475
Tax payable	9	497 116	633 519
Other short term liabilities	10	34 802 855	27 624 855
Total short term liabilities		<u>53 889 096</u>	<u>136 297 563</u>
Total liabilities		<u>1 132 316 299</u>	<u>1 191 661 032</u>
Total equity and liabilities		<u>966 808 007</u>	<u>1 383 977 233</u>

Trondheim, 07.03.2018



Helge Kvalvik
chairman of the board



Ole T. Bjørnevik
member of the board



Krisjan Bodden
member of the board

Cash flow report

Boa OCV AS

Figures in 1 000 NOK

2017

2016

Cash flow from operating activities

Profit before income taxes	-340 844	-133 312
Paid in tax	-2 807	-1 495
Payment in kind bonds (PIK-bonds)	78 427	-
Depreciation	56 239	59 894
Write-down receivables from group companies	254 179	-
Changes in trade receivables and creditors	-50 944	36 993
Changes in receivables and liabilities to group entities	89 157	42 016
Changes in other short-term receivables and liabilities	9 458	5 741
Net cash flow from operating activities	92 865	9 836

Cash flow from investing activities

Purchase of financial fixed assets	-11 101	-12 373
Net cash flow from investing activities	-11 101	-12 373

Cash flow from financing activities

Repayment of long term liabilities	-	-100 000
Group contribution	-	-
Net cash flow from financing activities	-	-100 000

Net changes in cash and cash equivalents	81 764	-102 537
Cash and cash equivalents start at period	44 953	147 489
Cash and cash equivalents end of period	126 718	44 953

Note 1 Accounting principles

The annual accounts are established in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles.

Principle rule for recording and categorising assets and debts

Assets intended for long-term ownership or usage are categorised as fixed assets. Other assets are categorised as current assets. Debts to be paid back within a year are also categorised as current assets. Similar criteria are used to categorise short-term and long-term debts.

Fixed assets are valued at purchase cost, and depreciated over the economic lifetime. If the actual value of the fixed assets is lower than the booked value and the decrease in value is not expected to be temporary, devaluation to the actual value is carried out. Fixed assets are depreciated linearly.

Current assets are recorded at the lowest of historical cost and net realisable value.

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

Assets and debt in foreign currency

Money items in foreign currency are converted at the rate applicable on the balance sheet date.

Receivables

Accounts receivable and other receivables are entered at nominal value after deducting the provision for expected losses.

The provision for losses is based on an individual assessment of the separate claims.

Bank deposits, cash, etc.

Bank deposits, cash, etc includes cash, bank deposits and other forms of payment which mature less than three months from the acquisition date.

Revenue

Revenues from the sale of services are recognised in the income statement according to the project's level of completion. Revenues are booked at the net sales value at the time of the transaction.

Cost

As a general rule, costs are booked in the same period as the corresponding income. When there is no clear correlation between costs and income, the allocation of costs is made as a "best effort" appraisal.

Taxes

Tax expenses are grouped with operating profit before tax. Taxes are recognised directly in equity to the extent that they relate to equity transactions.

The company entered the Norwegian shipowning tax regime as of 01.01.2007.

Tax cost includes taxes payable (tax on this years taxable income and interest surplus), tonnage tax and change in net deferred taxes.

Net deferred tax asset is not recognised on the balance sheet.

All figures in the notes are quoted in NOK 1 000.

Note 2 Operating income

Geographical area	2017	2016
North-America	0	48 697
South-America	0	80 937
Africa	136 249	43 045
Europe	124 446	42 126
Total	260 695	214 805

All the income is from offshore activity.

Note 3 Personnel compensation, number of employees and loans to employees etc.

The company does not have any personnel. Administrative services are hired from Boa Management AS. The Board member elected by the Bondholders has received NOK 459.604 in remuneration. The other Board members and the general manager do not receive a salary or other compensation.

Auditor

The fee paid in 2017 to Deloitte AS for accounting services was NOK 81 000.

Note 4 Fixed assets

	Vessel	Periodic mainte-nance	Total
Acquisition cost on 01.01	1 209 224	123 806	1 333 030
Additions	0	11 101	11 101
Disposals	0	0	0
Acquisition cost on 31.12	1 209 224	134 907	1 344 131
Accumulated depreciation and write-down on 01.01	571 672	74 226	645 898
Depreciation this year	37 632	18 137	55 769
Write-down this year	470	0	470
Accum. depreciation 31.12.	609 774	92 363	702 137
Book value	599 450	42 544	641 994

Economic lifespan	27 years	2,5-10 years
Depreciation plan	Linear	Linear

By the end of 2017, two independent broker values are obtained to determine net selling price for the vessels. Brokers' estimate assume the vessels are without charter contracts, immediately available for sale in the market and that a willing seller and a willing buyer exist. In cases where there is uncertainty regarding book value against net selling price, a calculation for value in use is done by discounting future cash flows to present value at the balance sheet date. Due to reduced liquidity in the market for vessels, there is an increased uncertainty about the estimated ship values in today's market. No significant write-downs have been made during 2017.

Note 5 Share capital and shareholder information

	Shares	Equity share	Voting share
Boa Offshore AS	1 000	100 %	100 %
Total number of shares	1 000	100 %	100 %

The company share capital is NOK 100 000, 1 000 shares with a nominal value of NOK 100.

The company has only one class of shares.

The company is a part of the group Boa Offshore AS. Boa Offshore AS is a part of the group Taubåt-kompaniet AS. Both of the groups financial statements can be distributed from the office in Trondheim.

Note 6 Equity

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	100	80 108	14 445	97 664	192 317
Profit of the year				-357 824	-357 824
Equity 31.12.	100	80 108	14 445	-260 160	-165 508

Note 7 Long term debt

	2018	2019	2020
Instalments	0	0	1 078 427

Note 8 Outstanding accounts with companies within the same group

	Short term receivables		Long term receivables	
	2017	2016	2017	2016
Boa Offshore AS		26 282	149 832	576 717
Boa Barges	38			
Boa Marine LLC		14 716		
Boa Tugs AS		28		
Sum	38	41 027	149 832	576 717

	Short term liabilities		Long term liabilities	
	2017	2016	2017	2016
Boa Offshore AS		60 577		
Boa SBL AS		48		
Boa Management AS	-160			
Boa Crewing 2 AS	323			
Boa Shipping AS				12 187
Boa PSV AS				43 177
Boa Tugs AS		10		
NFDS Offshore 2 AS		20		
Boa Offshore LLC	33	33		
Boa Marine LLC		7 160		
Boa Marine Management LLC	349	1 871		
Boa Marine Services SA	-258	-258		
Sum	287	69 460	0	55 363

Notes to 2017 annual accounts

Note 9 Tax

This years tax:	2017	2016
Changes in deferred tax	14 264	-1 626
Tax payable	497	587
Foreign tax	2 173	656
Tonnage tax	46	46
This years tax expense	16 980	-337
Tax payable in balance:	2017	2016
This year's tax on profit	497	634
Net tax payable	497	634
This years tax basis:	2017	2016
Profit and loss account	1 880	2 350
Financial result	-30 809	-6 533
Loss carried forward used	-	-
This years tax basis	-28 929	-4 183
Temporary differences:	2017	2016
Profit and loss account	7 519	9 398
Loss carried forward	-99 641	-68 833
Net temporary differences	-92 123	-59 435
Net deferred tax 23 % / 24 %	-	-14 264

Note 10 Secured debt/other long-term debt

Debt secured by mortgage etc.	2017	2016
Debt to credit institutions	1 078 427	1 000 000
Accrued interest	24 242	15 938
Sum	1 102 669	1 015 938
Book value of assets mortgaged for debt:	2017	2016
Bank deposits	126 718	44 921
Accounts receivables	41 468	59 033
Vessels	641 994	687 132
Group receivables	149 832	576 717
Sum	960 012	1 367 803

Notes to 2017 annual accounts

Note 11 Transactions with related parties

The outstanding accounts with group companies are mentioned in note 8.

Transactions with related parties:

Operating transactions:	2017	2016
Services		
- Parent company	31 058	74 078
- Other group companies	20 442	1 803
Total expenses from operating transactions	51 500	75 881
Services		
- Parent company		6 221
- Other group companies	292	46 576
Total income from operating transactions	292	52 796
Finance transactions:	2017	2016
Interest expense		
- Other group companies	1 312	663
Written off debt		
- Parent company	254 179	
Total expense from finance transactions	255 491	663
Interest income		
- Parent company	22 229	37 036
Total income from finance transactions	22 229	37 036

To the General Meeting of Boa OCV AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Boa OCV AS showing a loss of NOK 357 824 493. The financial statements comprise the balance sheet as at 31 December 2017, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in

accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements*Opinion on the Board of Directors' report*

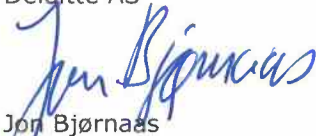
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 12 March 2018

Deloitte AS



Jon Bjørnaas

State Authorised Public Accountant

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