



Annual report
Taubåtkompaniet AS
2010



Org.nr. 926 265 156

TAUBÅTKOMPANIE AS

BOARD'S ANNUAL REPORT FOR 2010

Nature and location of activities:

Taubatkompaniet AS is the management company in Boa Group providing primarily management and personnel services. The company is also investing in the shipping and offshore related companies. The main office of the company is located in Trondheim.

Work environment:

At year-end the company had approx. 405 employees and, in the opinion of the Board, a good work environment. The total absenteeism rate for the year was around 3,5 %.

Equal opportunity:

The ratio among men and woman in administration onshore is approx. 33 % women and 67 % men. For the whole company the percentage of women in the workplace is approx. 9 %. There are two top positions in the management held by a woman.

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 Taubåtkompaniet AS. There was one serious work-related personal injury among staff and hired personnel in 2010. The company is continuously working to reduce the number of work-related injuries.

External environment:

The company has no activities that pollute the external environment.

Continued operation:

The 2010 annual accounts for Taubåtkompaniet AS have been prepared and presented under the assumption of continued operation.

Review of annual accounts:

In 2010 there has been a merger between the 100 % owned subsidiaries Boa Ro-Ro AS and Nye Kystlink AS. As a result of this the company's operating expenses has increased due to more vessels in operation. The operating profit is negative because of lack of income of ro-ro operations.

Net financial items were MNOK 10,7.

The year-end profit was a loss of MNOK 17,7.

Total year end assets were NMOK 1.095,7, compared to MNOK 937,6 the previous year. The shareholders' equity ratio on 31.12.2010 was 32,3 % compared to 59 % on 31.12.2009.

Financial risk:

Market risk:

There are no substantial currency or interest risks.

Credit risk:

The risk that clients do not have the financial means to meet their obligations is considered to be low. No agreements have been made or other financial instruments established to minimize the company's credit risk.

Liquidity risk:

The company's liquidity position is relatively strained due to the Groups extensive newbuilding program. As a necessary result of this, the Board is working on financing solutions for the Group.

Income Statement

Taubåtkompaniet AS

Operating income and operating expenses	Notes	2010	2009
Other operating income	2	<u>197 942 437</u>	<u>222 707 478</u>
Operating income		<u>197 942 437</u>	<u>222 707 478</u>
Operating expenses ships		43 294 235	2 014 122
Payroll expenses	3, 10	177 234 655	192 652 201
Depreciation	4	27 394 006	2 476 601
Other operating expenses	3	<u>50 841 007</u>	<u>13 979 114</u>
Operating expenses		<u>298 763 903</u>	<u>211 122 039</u>
Operating profit		<u>-100 821 466</u>	<u>11 585 439</u>
Financial income and expenses			
Income from subsidiaries and other group entities		2 471 836	0
Interest income from group entities		46 094 751	34 113 639
Other interest income		48 050	1 744 522
Other financial income		14 310 870	592 606
Depreciation of other financial fixed assets		0	22 544 495
Interest expense to group entities		26 343 150	15 615 291
Other interest expenses		15 383 037	47 033
Other financial expenses		<u>10 468 173</u>	<u>1 492 801</u>
Net financial income and expenses		<u>10 731 149</u>	<u>-3 248 853</u>
Operating result before tax		<u>-90 090 317</u>	<u>8 336 586</u>
Tax on ordinary result	13	-72 377 644	8 900 089
Operating result after tax		<u>-17 712 673</u>	<u>-563 503</u>
Annual net profit		<u>-17 712 673</u>	<u>-563 503</u>
Brought forward			
Received group contribution	9	0	2 837 351
To other restricted equity	9	0	2 273 848
From other equity	9	<u>17 712 673</u>	<u>0</u>
Total brought forward		<u>-17 712 673</u>	<u>-563 503</u>

Balance sheet

Taubåtkompaniet AS

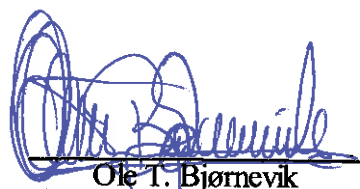
Assets	Notes	2010	2009
Fixed assets			
Intangible fixed assets			
Deferred tax asset	13	203 489 164	0
Total intangible assets		<u>203 489 164</u>	<u>0</u>
Tangible fixed assets			
Buildings and land	4	673 081	469 671
Ships	4, 14	116 782 949	20 860 894
Equipment and other movables	4	1 004 242	255 968
Total tangible fixed assets		<u>118 460 272</u>	<u>21 586 532</u>
Financial fixed assets			
Investments in subsidiaries	5, 14	291 743 866	210 842 008
Loans to group companies	7, 12	436 240 588	674 479 659
Investments in associated companies	5, 14	202 000	16 747 213
Loans to associated companies and joint ventures	7	550 000	150 000
Investments in shares	6	560 342	554 842
Other receivables	7, 10	2 018 164	2 336 071
Total financial fixed assets		<u>731 314 959</u>	<u>905 109 792</u>
Total fixed assets		<u>1 053 264 395</u>	<u>926 696 324</u>
Current assets			
Inventories		1 278 680	56 619
Debtors			
Accounts receivables		1 671 492	1 370 890
Other receivables	12, 13	33 034 039	1 432 191
Total debtors		<u>34 705 532</u>	<u>2 803 081</u>
Cash and bank deposits	14, 15	6 401 912	8 063 232
Total current assets		<u>42 386 124</u>	<u>10 922 933</u>
Total assets		<u>1 095 650 519</u>	<u>937 619 257</u>

Balance sheet

Taubåtkompaniet AS

Equity	Notes	2010	2009
Restricted equity			
Share capital	8, 9	2 500 000	2 500 000
Share premium reserve	9	74 446 637	74 446 637
Other restricted equity		3 105 880	3 105 880
Total restricted equity		<u>80 052 517</u>	<u>80 052 517</u>
Retained earnings			
Other equity	9	<u>273 906 956</u>	<u>473 156 236</u>
Total retained earnings		<u>273 906 956</u>	<u>473 156 236</u>
Total equity		<u>353 959 473</u>	<u>553 208 753</u>
Liabilities			
Provisions			
Deferred tax	13	0	1 177 741
Other provisions	16	<u>705 000</u>	<u>855 000</u>
Total provisions		<u>705 000</u>	<u>2 032 741</u>
Other long term liabilities			
Liabilities to financial institutions	11, 14	213 826 759	0
Group liabilities	12	<u>473 996 865</u>	<u>355 927 260</u>
Total of other long term liabilities		<u>687 823 624</u>	<u>355 927 260</u>
Current liabilities			
Liabilities to financial institutions		3 206 593	0
Trade creditors		14 513 841	6 417 622
Public duties payable		5 008 761	5 461 913
Other short term liabilities	14	<u>30 433 226</u>	<u>14 570 968</u>
Total short term liabilities		<u>53 162 422</u>	<u>26 450 504</u>
Total liabilities		<u>741 691 046</u>	<u>384 410 505</u>
Total equity and liabilities		<u>1 095 650 519</u>	<u>937 619 257</u>

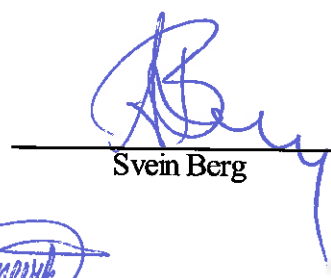
Trondheim, 1 April 2011



Ole T. Bjørnevik
Chairman of the Board / CEO



Oddvar Sørtømme



Svein Berg



Eskil Bjørnevik



Marita Bjørnevik

Notes to 2010 annual report

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.

Shares in associates, joint ventures and subsidiaries

Investments in subsidiaries are valued according to the cost method and written down at the actual value if the decrease in value is not temporary, and it is considered necessary in accordance with generally accepted accounting principles. Dividend from subsidiaries are recorded as other financial income. The same applies to investments in associates and joint ventures.

The subsidiaries are consolidated in the financial statement of Boa Holding AS.

Other shares classified as fixed assets

Shares and investments in general partnerships and limited partnerships in which the company does not have considerable influence are valued according to the cost method. Investments are written down at the actual value if the decrease in value is not expected to be temporary. Profits received from the companies are recognised as other financial income.

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.

This category includes cash, bank deposits and other forms of payment with an expiration date that is shorter than three months from purchase.

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.

Notes to 2010 annual report

Pensions

Contribution pension plan

The company has a contribution-based obligatory company pension scheme for onshore personnel. This is expensed at date of payment.

Performance-based scheme

The company also has a performance-based company pension scheme for maritime personnel. The liability is valued annually and the balance is classified as long-term provisions (receivables) in the balance sheet.

Government subsidies

The group receives a subsidy from the Norwegian Maritime Directorate in connection with the employment of Norwegian maritime personnel. The subsidy is entered as a reduction under the group's salary costs.

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.

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

Deferred tax and deferred tax benefits are entered in net amounts on the balance sheet.

Merger

In 2010 Taubåtkompaniet AS was a part of a merger with the 100 % owned subsidiaries Boa Ro-Ro AS and Nye Kystlink AS. The merger is accomplished to book values.

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

Note 2 Revenues

Per business area	2010	2009
Management income	59 434	52 858
Personel for hire	120 634	157 861
Other income	17 874	11 989
Sum	197 942	222 707

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

	2010	2009
Salaries	151 005	167 669
Subsidies from Norwegian maritime Directorate	-385	-387
Employer's national insurance contribution	10 087	11 733
Pension contribution	3 216	3 527
Other personnel expenses	13 312	10 112
Total personnel costs	177 235	192 652

Number of man-labour years employed 405 420

Management remuneration	Salary	Pension cost	Other
CEO	808	7	34
Board of Directors			440

Notes to 2010 annual report

Loan and securities to shareholders, management personnel and employees

	Amount	Interest rate	Securities
Employees	1 900	0 - 5 %	None

Auditor

Audit fee for 2010 to Deloitte AS was NOK 219 500 and fee for audit related services was NOK 35 900.

Fee paid to Deloitte Advokatfirma AS was NOK 977 723.

Fee paid to Deloitte Tax LLP was NOK 365 160.

Note 4 Fixed assets

	Vessels	Property	Vehicles	Sum
Acquisition cost on 01.01	27 369	469	360	28 198
Merger 01.01.2010	486 953			486 953
Additions		203	938	1 141
Disposals	-153 503			-153 503
Acquisition cost on 31.12	360 819	673	1 298	362 790
Accumulated depreciation 01.01	6 509		104	6 613
Merger 01.01.2010	316 495			316 495
Acc. depreciation disposals	-106 172			-106 172
Depreciation this year	27 204		190	27 394
Accum. depreciation 31.12.	244 037		294	244 330
Book value	116 783	673	1 004	118 460

Economic life	10-16 years	5 years
Depreciation schedule	Linear	Linear

Annual lease amount on fixed assets not included on the balance sheet 1 275

Note 5 Shareholdings in subsidiaries, associated companies and joint ventures

	Year of acquisition	Office address	Share	Equity Dec. 31 2010	Results 2010
Subsidiaries (Norwegian)					
Boa Offshore AS	2000	Trondheim	100 %	677 617	24 765
Boa Deep C AS	2002	Trondheim	100 %	491 581	111 001
Boa Sub C AS	2004	Trondheim	100 %	140 944	25 470
Boa SBL AS	2008	Trondheim	100 %	227 796	33 991
T.A. Kittilsen Shipping AS	1998	Brevik	100 %	4 862	1 244
Subsidiaries (foreign)					
Boa Marine S.A	2006	Gdynia i Polen	100 %	-221	49
Kystlink APS	2005	Danmark	100 %		
Rederi AB	2005	Sverige	100 %		
Associated companies					
Trondheim Maritime Senter AS	2007	Trondheim	25 %	699	-26

Notes to 2010 annual report

Note 6 Other shares and bonds

Fixed assets

Company	Share	Acq. costs	Book value	Market value
Midnor Bestik (stiftelse)	0,50 %	10	10	10
Newtron Line AS		90	0	0
Såkorn Invest Midt-Norge AS	7 %	625	0	457
EMGS ASA		135	135	12
Dynapel Inc.		10	10	10
Texi AS	2 %	400	400	400
Åfjord Utvikling AS	3 %	6	6	6
Sum		1 275	560	894

Note 7 Long-term receivables

	2010	2009
Receivables against associated companies	550	150
Receivables from group companies	436 241	670 156
Other long-term receivables	2 018	2 336
Sum	438 809	672 642

Note 8 Shareholder information

	Shares	Equity share	Voting share
Boa Holding AS	2 000	100,00 %	100,00 %
Total number of shares	2 000	100,00 %	100,00 %

The company's share capital is NOK 2 500 000, distributed among 2 000 shares of par value NOK 1 250.

The company has only one class of shares.

Note 9 Shareholder's equity

	Share capital	Share premium reserve	Other restricted equity	Other equity	SUM
Equity 01.01.	2 500	74 447	3 106	473 156	553 209
Merger				-181 537	-181 537
Profit of the year				-17 713	-17 713
Equity 31.12.	2 500	74 447	3 106	273 907	353 959

Notes to 2010 annual report

Note 10 Pension costs and net pension liabilities

The company is obliged to have a company pension scheme in accordance with the Norwegian Pension Act. for all employees.

The company has performance-based pension schemes for a total of 45 persons. These schemes entitle the employee to certain future payments. This primarily depends on the number of years of employment, the salary level upon reaching retirement age and the size of the contribution from the National Insurance. These obligations are covered through an insurance company.

Pension cost

	2010	2009
Net present value of pension build-up this	362	333
Interest costs for pension obligation	140	152
Return on pension funds	-133	-155
Estimated deviation recorded	35	48
Administrative costs	65	82
Accrued employer's contribution	61	58
Net costs after employer's contribution	529	518

Pension obligation

	2010	2009
Pension obligation	-3 535	-2 664
Pension funds (at market value)	2 241	2 354
Accrued employer's contribution	-182	-44
Deferred obligation for (losses)/profits	1 594	791
Net pension funds	118	436

Financial assumptions

	2010	2009
Interest rate	4,6 %	5,4 %
Expected return	5,4 %	5,7 %
Salary increase	4,0 %	4,5 %
G-regulation	3,75 %	4,25 %
Regulation of continuous pension	1,30 %	1,40 %
Employer's contribution rate	14,1 %	14,1 %
Voluntary resignation before the age of 40	0 %	0 %
Voluntary resignation after the age of 40	0 %	0 %

Actuary predictions for demographic factors and resignations are based on commonly used assumptions within the insurance industry.

Note 11 Long-term debts

Instalments of debt falling due more than 5 years from the balance date:

	2011	2012	2013	2014	2015	→
Instalments	11 571	9 257	9 257	9 257	9 257	4 273

Notes to 2010 annual report

Note 12 Outstanding accounts with companies within the same group

	Long term liabilities		Short term receivables	
	2010	2009	2010	2009
Boa Deep C AS	374 249	326 975	6 442	
Boa Eiendom AS	28 005	21 139		
Boa Barges AS	2			
Yacht Club AS		7 814		
Boa Marine Services Inc.	36 266			
Boa Offshore LLC	35 475			
Sum	473 997	355 927		

	Long term receivables		Short term receivables	
	2010	2009	2010	2009
Boa SBL AS	16 481	50 081	6 442	
Boa Holding AS	144 852	149 018		
Boa Sub C AS	19 737	137 599	8 732	
Boa Deep C AS			4 869	
Boa Offshore AS	231 196	58 279	9 066	
Boa Eiendom AS		3 941		
Boa Ro-Ro AS		189 692		
Nye Kystlink AS		34 722		
Boa Barges AS		7		
Boa Tugs AS		14		
T. A. Kittilsen Shipping AS	8 607	19 482		
Ship Management TBK	15 367	14 202		
Boa Marine Services Inc		4 303		
Boa Offshore LLC		13 140		
Sum	436 241	674 480	29 109	0

Note 13 Tax

This years tax:	2010	2009
Changes in deferred tax	-72 196	14
Tax payable Norway		7 664
Tax payable US	-182	1 222
This years tax expense	-72 378	8 900

This years tax basis:	2010	2009
Result before tax	-90 090	8 337
Permanent differences	4 976	23 449
Changes in timing differences	-13 334	-50
Group contribution	2 472	
This years tax basis	-95 976	31 737

Tax payable in balance:	2010	2009
This year's tax on profit	-	8 886
Tax on group contribution		-7 664
Tax paid in US		-1 222
Tax payable in balance	-	0

Notes to 2010 annual report

Temporary differences:	2010	2009
Tangible fixed assets	-80 267	3 770
Receivables	-3 465	
Profit and loss account	-42 024	
Provisions	-705	
Short term liabilities	118	436
Tax losses carried forward	-600 404	
Net temporary differences	-726 747	4 206
Net deferred tax 28 %	-203 489	1 178

Note 14 Pledges and guarantees, etc.

Book debt secured by pledge:	2010
Debts to credit institutions	217 033
Accrued interest	1 871
Total	218 905

Book value of pledged assets:	2010
Cash deposits	35
Accounts receivables	1 671
Vessels	98 327
Total	100 033

Taubåtkompaniet AS has provided vessels with a net book value of NOK 60 547 190 and shares with a net book value of NOK 280 400 000 as security for debt in its subsidiaries.

	2010	2009
Guarantee liabilities	3 292	6 246

Taubåtkompaniet AS is the guarantor for the fulfillment of loan obligations in Boa SBL AS, Boa Deep C AS and Boa Sub C AS.

Taubåtkompaniet AS has provided jointly and severally security (as guarantor) to the subsidiaries, limited to NOK 769 921 875.

Note 15 Bank deposits

Restricted deposits	2010	2009
Employees' tax deduction	2 341	3 615
Other restricted deposits	3 372	4 100
Total	5 714	7 714

Note 16 Other appropriations for liabilities

The company is making allocations for class costs. The allocations have been made based on estimated time for next periodic class survey. Changes in estimates is spread over the remaining period up to the next drydocking.

Cash flow statement

Figures in 1 000 NOK	2010	2009
Cash flow from operating activities		
Result before income taxes	-90 090	8 337
Loss on sale of financial fixed assets	6 577	
Loss on sale of tangible fixed assets	2 225	
Write-down on financial fixed assets		22 544
Income tax payable	182	-1 222
Depreciaton	27 394	2 477
Changes in trade receivables and creditors	7 796	2 448
Changes in receivables from group entities	356 309	-58 798
Changes in other short-term receivables and liabilities	-14 358	8 552
Net cash flow from operating activities	296 034	-15 662
Cash flow from investing activities		
Purchase of financial fixed assets	-81 127	-200 000
Sale of financial fixed assets	10 188	
Purchase of tangible fixed assets	-171 599	-116
Sale of tangible fixed assets	45 106	
Net cash flow from investing activities	-197 432	-200 116
Cash flow from financing activities		
Repayment of borrowings	213 827	
Payment of other receivables	-82	
Group contribution		-27 371
Merger	-314 008	
Net cash flow from financing activities	-100 263	-27 371
Net changes in cash and cash equivalents	-1 661	-243 149
Cash and cash equivalents at 01.01	8 063	251 212
Cash and cash equivalents at 31.12.	6 402	8 063

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Taubåtkompaniet AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Taubåtkompaniet AS, which comprise the balance sheet as at 31.12.2010, and the income statement, showing a loss of NOK 17.712.673 and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Taubåtkompaniet AS as at 31.12.2010, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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

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 and the going concern assumption, and the proposal for the coverage of the loss complies with the law and regulations and that the information is consistent with the financial statements.

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 the company's 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, 1. april 2011
Deloitte AS

Harald J. Lydersen
State Authorised Public Accountant (Norway)
(Signed)

[Translation has been made for information purposes only]