

Annual Report

Boa SBL AS

2014

Org.nr. 990 899 576



BOA SBL AS

BOARD'S ANNUAL REPORT FOR 2014

Nature and location of activities:

The company owns and charters out two special built vessels for EM Technology "Boa Thalassa" and "Boa Galatea". The main office of the company is located in Trondheim. Management of the vessel is performed by Boa Offshore AS.

Work environment:

The company does not have any employees. Seafaring personnel and management services are hired from Boa Offshore AS. Boa Offshore 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 are good. Absence due to sick leave on board the vessels has been low and there was no serious accidents on board in 2014.

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 Offshore AS. There were no serious personal injuries among hired personnel in 2014.

External environment:

The operation of a vessel includes a certain risk for spillage of marine diesel oil products. However, no abnormal spillage has been recorded from the vessels in 2014 that follow laid down procedures when bunkering of diesel and other potential contaminating liquids.

The board is not aware of any non-compliance with government requirements regarding the pollution of the environment.

Continued operation:

The board confirms that the conditions for continued operation has been complied with, and the accounts have been presented under this assumption.

Review of annual accounts:

Operating profit for the company in 2014 was MNOK 26,5 (MNOK 23,1).

Net financial expense was MNOK -21,5 (MNOK -52,5). The company had in 2013 high non-recurring costs related to refinancing of the vessels.

Annual net profit was MNOK 5,0 (MNOK -28,6).

Total year-end assets were MNOK 656,5 (MNOK 668,4), and the percentage of shareholder's equity on December 31, 2014 was 32,4% (29,6%).

Financial risk:

Market risk:

The company is susceptible to changes in currency exchange rates, since a considerable percentage of the company's earnings are in USD. The market risk is reduced somewhat since the company's operating purchases partially also takes place in USD. The company continuously considers entering into currency futures contracts or other agreements to reduce currency risk.

Credit risk:

The risk that the other contracting party will not have the financial means to meet its obligations is considered to be low. No agreements have been made or other financial means established to minimize the company's credit risk.

Liquidity risk:

The company's liquidity risk is considered to be acceptable.

Appropriation of profits:

The annual results for Boa SBL AS were MNOK 5,0. The Board proposes the following disposal:

Transfer to other equity: MNOK 5,0

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-term outlook for the seismic sector has become more uncertain on the back of the drop in oil prices from mid 2014. Despite a 30% recovery of the Brent oil price from the January 2015 low to the current USD60/bbl, oil prices probably need to recover to the USD70-80/bbl range to spur demand growth again in general. Exploration seems to be harder hit than the Development part of the E&P value chain when oil companies now scale back their E&P investment budgets. The EM niche of the seismic sector could potentially develop better than traditional seismic, where EMGS is the clear market leader. The long-term outlook for the offshore seismic sector is still considered to be prospective as global demand for oil and gas continue to grow, and offshore seismic will play an important role in finding new reserves and maintain producing reserves.

Boa Thalassa and Boa Galatea have been working for EMGS since they were delivered from the yard in 2008 and 2009, respectively. Boa Thalassa and Boa Galatea are occupied until December 2015 and July 2016 on firm contracts with EMGS. In addition to the EM seismic segment with EMGS, the company sees opportunities for the SBL vessels within alternative segments such as accommodation support, Subsea IMR and Survey, lightweight construction and in the offshore wind-farm segment.

Trondheim, 26.02.2015



Helge Kvalvik
Chairman of the board

Ole T. Bjørnevik
Member of the board

Rune A Juliussen
Member of the board

Income Statement

Boa SBL AS

Operating income and operating expenses	Notes	2014	2013
Operating income	2	121 150 042	125 206 093
Operating income		<u>121 150 042</u>	<u>125 206 093</u>
Operating expenses ships	11	13 851 170	21 787 504
Payroll expenses	12	36 444 038	37 743 325
Depreciation	4	37 227 878	32 388 768
Other operating expenses	3, 12	7 085 879	10 213 561
Operating expenses		<u>94 608 965</u>	<u>102 133 158</u>
Operating profit		<u>26 541 077</u>	<u>23 072 935</u>
Financial income and expenses			
Interest income from group entities	12	6 805 075	4 481 493
Other interest income		653 018	1 092 841
Other financial income		6 711 602	8 260 189
Interest expense to group entities	12	3 465 502	5 216 675
Other interest expenses		27 588 587	40 184 004
Other financial expenses		4 618 306	20 900 881
Net financial income and expenses		<u>-21 502 700</u>	<u>-52 467 037</u>
Operating result before tax		<u>5 038 377</u>	<u>-29 394 102</u>
Tax on ordinary result	9	20 119	-828 587
Operating result after tax		<u>5 018 259</u>	<u>-28 565 515</u>
Annual net profit		<u>5 018 259</u>	<u>-28 565 515</u>
Brought forward			
To other equity	6	5 018 259	-28 565 515
Total brought forward		<u>5 018 259</u>	<u>-28 565 515</u>


Balance sheet
Boa SBL AS

Assets	Notes	2014	2013
Fixed assets			
Intangible fixed assets			
Deferred tax asset	9	12 182 834	12 202 953
Total intangible assets		<u>12 182 834</u>	<u>12 202 953</u>
Tangible fixed assets			
Ships	4, 10	476 616 878	495 890 248
Total tangible fixed assets		<u>476 616 878</u>	<u>495 890 248</u>
Financial fixed assets			
Loans to group companies	8	101 286 568	94 481 493
Other receivables		0	954 427
Total financial fixed assets		<u>101 286 568</u>	<u>95 435 921</u>
Total fixed assets		<u>590 086 280</u>	<u>603 529 122</u>
Current assets			
Debtors			
Accounts receivables	10	20 744 269	23 078 961
Group receiveables	8	4 593 318	0
Other receiveables		9 292 708	1 590 171
Total debtors		<u>34 630 296</u>	<u>24 669 132</u>
Cash and bank deposits	10	31 741 509	40 218 721
Total current assets		<u>66 371 805</u>	<u>64 887 854</u>
Total assets		<u>656 458 085</u>	<u>668 416 975</u>

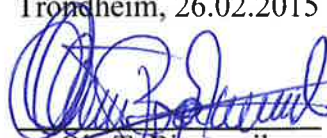
Balance sheet
Boa SBL AS

Equity	Notes	2014	2013
Restricted equity			
Share capital	5, 6	200 100 000	200 100 000
Share premium reserve	6	14 000	14 000
Total restricted equity		<u>200 114 000</u>	<u>200 114 000</u>
Retained earnings			
Other equity	6	12 358 669	-2 566 604
Total retained earnings		<u>12 358 669</u>	<u>-2 566 604</u>
Total equity		<u>212 472 669</u>	<u>197 547 396</u>
Liabilities			
Provisions			
Other provisions	11	0	8 902 238
Total provisions		<u>0</u>	<u>8 902 238</u>
Other long term liabilities			
Bonds	7, 10	370 000 000	390 000 000
Group liabilities	8	62 854 903	59 389 401
Total of other long term liabilities		<u>432 854 903</u>	<u>449 389 401</u>
Current liabilities			
Trade creditors		3 175 839	2 679 996
Trade creditors, intercompany	8	2 685 873	4 359 945
Other short term liabilities		5 268 801	5 538 000
Total short term liabilities		<u>11 130 513</u>	<u>12 577 941</u>
Total liabilities		<u>443 985 416</u>	<u>470 869 580</u>
Total equity and liabilities		<u>656 458 085</u>	<u>668 416 975</u>


Trondheim, 26.02.2015



Helge Kvalvik
Chairman of the board



Ole T. Bjørnevik
Member of the board



Rune A Juliussen
Member of the board

Notes to 2014 annual accounts

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.

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.

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 01.01.2008.

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.

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

Notes to 2014 annual accounts

Note 2 Operating income

Divisions	2014	2013
Offshore activity	121 150	125 206
Sum	121 150	125 206

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 Offshore AS. The Board and the general manager do not receive a salary or other compensation.

Auditor

The fee paid in 2014 to Deloitte AS for audit was NOK 38 000, and NOK 3 800 for other accounting services.

Note 4 Fixed assets

	Vessels	Periodic maintenance	Total
Acquisition cost on 01.01	649 088		649 088
Additions	2 565	14 262	16 827
Transfer	-10 000	8 899	-1 101
Acquisition cost on 31.12	641 653	23 161	664 814
Accumulated depreciation on 01.01	153 198		153 198
Depreciation this year	31 960	5 268	37 228
Transfer	-2 229		-2 229
Accumulated depreciation on 31.12	182 928	5 267	188 196
Book value 31.12	458 725	17 894	476 618
Economic lifespan	20	2,5 - 5	
Depreciation plan	Linear	Linear	

The group companies were making allocations for class costs. The allocations was made based on estimated time for next periodic class survey. From 01.01.2014 the cost of periodic maintenance of vessels is capitalized and depreciated to the next periodic maintenance.

Note 5 Share capital and shareholder information

	Shares	Equity share	Voting share
Boa Offshore AS	1 000	100,00 %	100,00 %
Total number of shares	1 000	100,00 %	100,00 %

The company share capital is NOK 200 100 000, 1 000 shares with a nominal value of NOK 200 100.

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 Boa Holding AS. Both of the groups financial statements can be distributed from the office in Trondheim.

Notes to 2014 annual accounts

Note 6 Equity

	Share capital	Share premium	Other equity	SUM
Equity 01.01	200 100	14	-2 567	197 547
Changes in accounting principles			9 907	9 907
Profit of the year			5 018	5 018
Equity 31.12	200 100	14	12 359	212 473

Note 7 Long term debt

	2015	2016	2017	2018	2019	→
Instalments	20 000	20 000	20 000	20 000	290 000	0

Note 8 Outstanding accounts with companies within the same group

Liabilities	Long term		Short term	
	2014	2013	2014	2013
Boa Offshore AS	62 855	59 389	2 410	4 360
Sum	62 855	59 389	2 410	4 360

Receivables	Long term		Short term	
	2014	2013	2014	2013
Boa Offshore AS	101 287	94 481	4 593	
Sum	101 287	94 481	4 593	0

Note 9 Tax

This years tax:	2014	2013
Changes in deferred tax	20	-829
This years tax expense	20	-829

Tax payable in balance:	2014	2013
This years tax on profit		
Net tax payable	0	0

This years tax basis:	2014	2013
Financial result	74	-4 573
Loss carried forward	-45 196	-40 623
This years tax basis	-45 122	-45 196

Temporary differences:	2014	2013
Profit and loss account	-45 122	-45 196
Net temporary differences	-45 122	-45 196
Net deferred tax	-12 183	-12 203

Notes to 2014 annual accounts

Note 10 Secured debt

Debt secured by mortgage etc.	2014	2013
Debt to credit institutions	370 000	390 000
Sum	370 000	390 000

Book value of assets mortgaged for debt:	2014	2013
Bank deposits	31 612	40 167
Accounts receivable	20 744	23 079
Vessels	476 617	495 890
Sum	528 973	559 136

Note 11 Other appropriations for liabilities

The group companies were making allocations for class costs. The allocations was made based on estimated time for next periodic class survey. From 01.01.2014 the cost of periodic maintenance of vessels is capitalized and depreciated to the next periodic maintenance. See further note 4.

Note 12 Intercompany transactions

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

Operating transactions:	2014	2013
Services		
- Mother company	27 559	35 295
- Sister company	1 433	1 212
Total expenses from operating transactions	28 992	36 507

Finance transactions:	2014	2013
Interest income		
- Mother company	6 805	4 481
Total income from finance transactions	6 805	4 481

Interest expense		
- Mother company	3 466	3 640
Guarantee commision		
- Mother company	0	1 577
Total expenses from finance transactions	3 466	5 217

Service to group companies are priced at the same conditions as for external parts.
Services from group companies are general management and engineering services.
Financial transactions is priced at the same conditions as for external parts.

Cash flow statement

Figures in 1 000 NOK	2014	2013
Cash flow from operating activities		
Profit before income taxes	5 038	-29 394
Depreciation	37 228	32 389
Currency gain/-loss	-	-
Changes in trade receivables and creditors	1 601	-11 980
Changes in receivables from group entities	-8 667	-85 652
Changes in other short-term receivables and liabilities	-6 850	8 015
Net cash flow from operating activities	28 350	-86 623
Cash flow from investing activities		
Purchase of tangible fixed assets	-16 827	-910
Net cash flow from investing activities	-16 827	-910
Cash flow from financing activities		
Repayment of long term liabilities	-20 000	-298 602
Raised long term liabilities	-	400 000
Net cash flow from financing activities	-20 000	101 398
Net changes in cash and cash equivalents	-8 477	13 865
Cash and cash equivalents at 01.01	40 219	26 354
Cash and cash equivalents at 31.12	31 742	40 219

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Boa SBL AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Boa SBL AS, which comprise the balance sheet as at 31.12.2014, and the income statement, showing a profit of NOK 5.018.259 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 are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Boa SBL AS as at 31.12.2014, 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*

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 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, 27.02.2015
Deloitte AS

Jon Bjørnaas (signed)
State Authorised Public Accountant (Norway)

[Translation has been made for information purposes only]