

# Annual Report

## Boa SBL AS

### 2013

Org.nr. 990 899 576



# BOA SBL AS

## BOARD'S ANNUAL REPORT FOR 2013

### **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 2013.

### **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 2013.

### **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 2013 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:**

The operating profit for the company in 2013 was MNOK 23,1 (MNOK 24,2).

The financial result was MNOK -52,5 (MNOK -14,8).

The year-end profit was MNOK -28,6 (MNOK 12,9).

Total year-end assets were MNOK 668,4 (MNOK 584), and the percentage of shareholder's equity on December 31, 2013 was 29,6 % (38,7 %).

### **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 28,6. The Board proposes the following disposal:

Transfer from other equity: MNOK 28,6

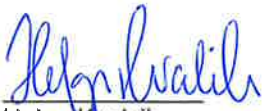
**Events after the balance sheet date:**

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 market outlook for the seismic segment remains relatively strong. Although several oil companies have announced reduced growth in their investment plans, in a historical view the level of investments is still high. Boa Thalassa and Boa Galatea have been working for EMGS since they were delivered from the yard in 2008 and 2009, respectively. EMGS has so far exercised 2 annual options for Boa Thalassa and 1 annual option for Boa Galatea. The ships are by this occupied until July 2015 and December 2015. The company expects EMGS to claim the remaining options, which will keep the vessels occupied until December 2016 and July 2017. In addition to a long-term need within the EM seismic segment, the company sees promising opportunities within alternative segments as IMR, lightweight construction and offshore wind-farm segment.

Trondheim, 27 February 2014



Helge Kvalvik  
Chairman of the Board



Ole T. Bjørnevik  
Member of the Board



Rune Juliussen  
Member of the Board

# Income Statement

## Boa SBL AS

| <b>Operating income and operating expenses</b> | <b>Notes</b> | <b>2013</b>        | <b>2012</b>        |
|--|--------------|--------------------|--------------------|
| Operating income                               | 2            | 125 206 093        | 121 171 039        |
| Operating income                               |              | <u>125 206 093</u> | <u>121 171 039</u> |
| Operating expenses ships                       | 11           | 21 787 504         | 16 356 143         |
| Payroll expenses                               | 12           | 37 743 325         | 38 431 442         |
| Depreciation                                   | 4            | 32 388 768         | 32 388 768         |
| Other operating expenses                       | 3, 12        | 10 213 561         | 9 839 187          |
| Operating expenses                             |              | <u>102 133 158</u> | <u>97 015 540</u>  |
| Operating profit                               |              | <u>23 072 935</u>  | <u>24 155 499</u>  |
| <b>Financial income and expenses</b>           |              |                    |                    |
| Interest income from group entities            | 12           | 4 481 493          | 0                  |
| Other interest income                          |              | 1 092 841          | 1 286 331          |
| Other financial income                         |              | 8 260 189          | 21 668 354         |
| Interest expense to group entities             | 12           | 5 216 675          | 9 299 907          |
| Other interest expenses                        |              | 40 184 004         | 16 948 705         |
| Other financial expenses                       |              | 20 900 881         | 11 489 448         |
| Net financial income and expenses              |              | <u>-52 467 037</u> | <u>-14 783 375</u> |
| Operating result before tax                    |              | <u>-29 394 102</u> | <u>9 372 124</u>   |
| Tax on ordinary result                         | 9            | -828 587           | -3 561 682         |
| Operating result after tax                     |              | <u>-28 565 515</u> | <u>12 933 806</u>  |
| Annual net profit                              |              | <u>-28 565 515</u> | <u>12 933 806</u>  |
| <b>Brought forward</b>                         |              |                    |                    |
| To other equity                                | 6            | -28 565 515        | 12 933 806         |
| Total brought forward                          |              | <u>-28 565 515</u> | <u>12 933 806</u>  |

Balance sheet  
**Boa SBL AS**

| Assets                         | Notes | 2013               | 2012               |
|--------------------------------|-------|--------------------|--------------------|
| <b>Fixed assets</b>            |       |                    |                    |
| <b>Intangible fixed assets</b> |       |                    |                    |
| Deferred tax asset             | 9     | 12 202 953         | 11 374 366         |
| Total intangible assets        |       | <u>12 202 953</u>  | <u>11 374 366</u>  |
| <b>Tangible fixed assets</b>   |       |                    |                    |
| Ships                          | 4, 10 | 495 890 248        | 527 368 608        |
| Total tangible fixed assets    |       | <u>495 890 248</u> | <u>527 368 608</u> |
| <b>Financial fixed assets</b>  |       |                    |                    |
| Loans to group companies       | 8     | 94 481 493         | 0                  |
| Other receivables              |       | 954 427            | 4 406 174          |
| Total financial fixed assets   |       | <u>95 435 921</u>  | <u>4 406 174</u>   |
| Total fixed assets             |       | <u>603 529 122</u> | <u>543 149 148</u> |
| <b>Current assets</b>          |       |                    |                    |
| <b>Debtors</b>                 |       |                    |                    |
| Accounts receivables           | 10    | 23 078 961         | 11 325 919         |
| Group receiveables             | 8     | 0                  | 830 344            |
| Other receiveables             |       | 1 590 171          | 2 394 231          |
| Total debtors                  |       | <u>24 669 132</u>  | <u>14 550 494</u>  |
| Cash and bank deposits         | 10    | 40 218 721         | 26 354 360         |
| Total current assets           |       | <u>64 887 854</u>  | <u>40 904 854</u>  |
| Total assets                   |       | <u>668 416 975</u> | <u>584 054 002</u> |

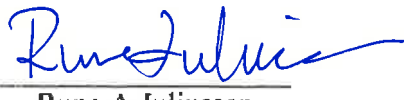
Balance sheet  
**Boa SBL AS**

| <b>Equity</b>                         | <b>Notes</b> | <b>2013</b>        | <b>2012</b>        |
|---------------------------------------|--------------|--------------------|--------------------|
| <b>Restricted equity</b>              |              |                    |                    |
| 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> |
| <b>Retained earnings</b>              |              |                    |                    |
| Other equity                          | 6            | -2 566 604         | 25 998 910         |
| Total retained earnings               |              | <u>-2 566 604</u>  | <u>25 998 910</u>  |
| Total equity                          |              | <u>197 547 396</u> | <u>226 112 910</u> |
| <b>Liabilities</b>                    |              |                    |                    |
| <b>Provisions</b>                     |              |                    |                    |
| Other provisions                      | 11           | 8 902 238          | 8 143 698          |
| Total provisions                      |              | <u>8 902 238</u>   | <u>8 143 698</u>   |
| <b>Other long term liabilities</b>    |              |                    |                    |
| Bonds                                 | 7, 10        | 390 000 000        | 0                  |
| Liabilities to financial institutions | 7, 10        | 0                  | 288 602 449        |
| Group liabilities                     | 8            | 59 389 401         | 55 750 438         |
| Total of other long term liabilities  |              | <u>449 389 401</u> | <u>344 352 887</u> |
| <b>Current liabilities</b>            |              |                    |                    |
| Trade creditors                       |              | 2 679 996          | 2 906 910          |
| Trade creditors, intercompany         | 8            | 4 359 945          | 0                  |
| Other short term liabilities          |              | 5 538 000          | 2 537 597          |
| Total short term liabilities          |              | <u>12 577 941</u>  | <u>5 444 507</u>   |
| Total liabilities                     |              | <u>470 869 580</u> | <u>357 941 092</u> |
| Total equity and liabilities          |              | <u>668 416 975</u> | <u>584 054 002</u> |

Tromsø, 27.02.2014

  
Helge Kvalvik  
Chairman of the Board / CEO

  
Ole T. Bjørnevik  
Member of the Board

  
Rune A Juliussen  
Member of the Board

# Notes to 2013 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 2013 annual accounts

### Note 2 Operating income

| Divisions         | 2013           | 2012           |
|-------------------|----------------|----------------|
| Offshore activity | 125 206        | 121 171        |
| <b>Sum</b>        | <b>125 206</b> | <b>121 171</b> |

### 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 2013 to Deloitte AS for accounting services was NOK 44 000.

### Note 4 Fixed assets

|  | Vessels        |
|--|----------------|
| Acquisition cost on 01.01                | 648 178        |
| Additions                                | 1 410          |
| Disposals                                | 500            |
| <b>Acquisition cost on 31.12</b>         | <b>649 088</b> |
| Accumulated depreciation on 01.01        | 120 810        |
| Depreciation this year                   | 32 389         |
| <b>Accumulated depreciation on 31.12</b> | <b>153 198</b> |
| <b>Book value 31.12</b>                  | <b>495 890</b> |
| Economic lifespan                        | 20             |
| Depreciation plan                        | Linear         |

### Note 5 Share capital and shareholder information

|                               | Shares       | Equity share    | Voting share    |
|-------------------------------|--------------|-----------------|-----------------|
| Boa Offshore AS               | 1 000        | 100,00 %        | 100,00 %        |
| <b>Total number of shares</b> | <b>1 000</b> | <b>100,00 %</b> | <b>100,00 %</b> |

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.

### Note 6 Equity

|                     | Share capital  | Share premium | Other equity  | SUM            |
|---------------------|----------------|---------------|---------------|----------------|
| Equity 01.01        | 200 100        | 14            | 25 999        | 226 113        |
| Profit of the year  |                |               | -28 566       | -28 566        |
| <b>Equity 31.12</b> | <b>200 100</b> | <b>14</b>     | <b>-2 567</b> | <b>197 547</b> |



## Notes to 2013 annual accounts

### Note 7 Long term debt

|             | 2014   | 2015   | 2016   | 2017   | 2018    | → |
|-------------|--------|--------|--------|--------|---------|---|
| Instalments | 20 000 | 20 000 | 20 000 | 20 000 | 310 000 | 0 |

### Note 8 Outstanding accounts with companies within the same group

| Liabilities     | Long term     |               | Short term   |          |
|-----------------|---------------|---------------|--------------|----------|
|                 | 2013          | 2012          | 2013         | 2012     |
| Boa Offshore AS | 59 389        | 55 750        | 4 360        |          |
| <b>Sum</b>      | <b>59 389</b> | <b>55 750</b> | <b>4 360</b> | <b>0</b> |

| Receivables     | Long term     |          | Short term |            |
|-----------------|---------------|----------|------------|------------|
|                 | 2013          | 2012     | 2013       | 2012       |
| Boa Offshore AS | 94 481        |          |            | 830        |
| <b>Sum</b>      | <b>94 481</b> | <b>0</b> | <b>0</b>   | <b>830</b> |

### Note 9 Tax

| This years tax:               | 2013        | 2012          |
|-------------------------------|-------------|---------------|
| Changes in deferred tax       | -829        | -3 562        |
| <b>This years tax expense</b> | <b>-829</b> | <b>-3 562</b> |

| Tax payable in balance:  | 2013     | 2013     |
|--------------------------|----------|----------|
| This years tax on profit |          |          |
| <b>Net tax payable</b>   | <b>-</b> | <b>-</b> |

| This years tax basis:       | 2013           | 2012           |
|-----------------------------|----------------|----------------|
| Financial result            | -4 573         | -12 720        |
| Loss carried forward        | -40 623        | -27 902        |
| <b>This years tax basis</b> | <b>-45 196</b> | <b>-40 621</b> |

| Temporary differences:    | 2013    | 2012    |
|---------------------------|---------|---------|
| Profit and loss account   | -45 196 | -40 623 |
| Net temporary differences | -45 196 | -40 623 |
| Net deferred tax          | -12 203 | -11 374 |

### Note 10 Secured debt

| Debt secured by mortgage etc. | 2013           | 2012           |
|-------------------------------|----------------|----------------|
| Debt to credit institutions   | 390 000        | 288 602        |
| <b>Sum</b>                    | <b>390 000</b> | <b>288 602</b> |

| Book value of assets mortgaged for debt: | 2013           | 2012           |
|--|----------------|----------------|
| Bank deposits                            | 40 167         | 26 236         |
| Accounts receivable                      | 23 079         | 11 326         |
| Vessels                                  | 495 890        | 527 369        |
| <b>Sum</b>                               | <b>559 136</b> | <b>564 930</b> |

## Notes to 2013 annual accounts

### Note 11 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.

### Note 12 Intercompany transactions

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

| <b>Operating transactions:</b>                    | <b>2013</b>   | <b>2012</b>   |
|---|---------------|---------------|
| Services  |               |               |
| - Mother company                                  | 35 295        | 35 580        |
| - Sister company                                  | 1 212         | 219           |
| <b>Total expenses from operating transactions</b> | <b>36 507</b> | <b>35 799</b> |
| <b>Finance transactions:</b>                      | <b>2013</b>   | <b>2012</b>   |
| Interest income                                   |               |               |
| - Mother company                                  | 4 481         |               |
| <b>Total income from finance transactions</b>     | <b>4 481</b>  | <b>0</b>      |
| Interest expense                                  |               |               |
| - Mother company                                  | 3 640         | 3 845         |
| Guarantee commision                               |               |               |
| - Mother company                                  | 1 577         | 5 455         |
| <b>Total expenses from finance transactions</b>   | <b>5 217</b>  | <b>9 300</b>  |

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

2013

2012

### Cash flow from operating activities

|   |                |               |
|---|----------------|---------------|
| Profit before income taxes                              | -29 394        | 9 372         |
| Depreciation  | 32 389         | 32 389        |
| Currency gain/-loss                                     | -              | -11 380       |
| Changes in trade receivables and creditors              | -11 980        | -12 218       |
| Changes in receivables from group entities              | -85 652        | -9 753        |
| Changes in other short-term receivables and liabilities | 8 015          | 8 403         |
| <b>Net cash flow from operating activities</b>          | <b>-86 623</b> | <b>16 812</b> |

### Cash flow from investing activities

|  |             |          |
|--|-------------|----------|
| Purchase of tangible fixed assets              | -910        |          |
| <b>Net cash flow from investing activities</b> | <b>-910</b> | <b>-</b> |

### Cash flow from financing activities

|  |                |                |
|--|----------------|----------------|
| Repayment of long term liabilities             | -298 602       | -35 276        |
| Raised long term liabilities                   | 400 000        |                |
| <b>Net cash flow from financing activities</b> | <b>101 398</b> | <b>-35 276</b> |

|   |               |               |
|---|---------------|---------------|
| Net changes in cash and cash equivalents  | 13 865        | -18 464       |
| Cash and cash equivalents at 01.01        | 26 354        | 44 818        |
| <b>Cash and cash equivalents at 31.12</b> | <b>40 219</b> | <b>26 354</b> |

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 31.12.13, and the income statement, showing a loss of NOK 28.565.515,- 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 31.12.13, 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 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, 28th of February 2014  
Deloitte AS

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

[Translation has been made for information purposes only]