



BOA

Annual Report Boa SBL AS 2015

Org.nr. 990 899 576



BOA SBL AS

BOARD'S ANNUAL REPORT FOR 2015

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 2015.

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 2015.

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 2015 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 2015 was MNOK 57.6 (MNOK 26.5).

Net financial expense was MNOK -17.1 (MNOK -21.5).

Annual net profit was MNOK 39.7 (MNOK 5.0).

Total year-end assets were MNOK 685.2 (MNOK 656.5), and the percentage of shareholder's equity on December 31, 2015 was 36.8 % (32.4%).

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 moderate. 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 result for Boa SBL AS were MNOK 39.7. The Board proposes the following disposal:

Transfer to other equity: MNOK 39.7

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 seismic sector remains challenging due to the fall in oil prices from mid 2014. Exploration seems to be harder hit than the Development part of the E&P value chain when oil companies scale back their E&P investment budgets. 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 is on a firm contract with EMGS until April 2017, whereas the Boa Galatea ended its firm contract in January 2016 and is now idle. EMGS has seen a significant deterioration in sales over the recent quarters along with the industry. A potential new contract for Galatea with EMGS depends on when the oil price and the oil and gas industry turn again. 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. Some of these segments have deteriorated in line with the industry, others still offer opportunities.

Trondheim, 07.04.2016



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	2015	2014
Operating income	2	<u>165 229 393</u>	<u>121 150 042</u>
Operating income		<u>165 229 393</u>	<u>121 150 042</u>
Operating expenses ships	11	17 870 078	13 851 170
Payroll expenses	11	48 896 473	36 444 038
Depreciation	4	27 247 132	37 227 878
Other operating expenses	3, 11	<u>13 579 674</u>	<u>7 092 885</u>
Operating expenses		<u>107 593 357</u>	<u>94 615 972</u>
Operating profit		<u>57 636 036</u>	<u>26 534 070</u>
Financial income and expenses			
Interest income from group entities	11	6 850 718	6 805 075
Other interest income		45 353	653 018
Other financial income		13 916 175	6 711 602
Interest expense to group entities	11	3 071 776	3 465 502
Other interest expenses		24 945 149	27 624 398
Other financial expenses		<u>9 910 169</u>	<u>4 575 489</u>
Net financial income and expenses		<u>-17 114 847</u>	<u>-21 495 693</u>
Operating result before tax		<u>40 521 189</u>	<u>5 038 377</u>
Tax on ordinary result	9	852 436	20 119
Operating result after tax		<u>39 668 753</u>	<u>5 018 259</u>
Annual net profit		<u>39 668 753</u>	<u>5 018 259</u>
Brought forward			
To other equity	6	<u>39 668 753</u>	<u>5 018 259</u>
Total brought forward		<u>39 668 753</u>	<u>5 018 259</u>

Balance sheet
Boa SBL AS


Assets	Notes	2015	2014
Fixed assets			
Intangible fixed assets			
Deferred tax asset	9	<u>11 330 398</u>	<u>12 182 834</u>
Total intangible assets		<u>11 330 398</u>	<u>12 182 834</u>
Tangible fixed assets			
Ships	4, 10	<u>453 423 421</u>	<u>476 616 878</u>
Total tangible fixed assets		<u>453 423 421</u>	<u>476 616 878</u>
Financial fixed assets			
Loans to group companies	8	<u>108 137 286</u>	<u>101 286 568</u>
Total financial fixed assets		<u>108 137 286</u>	<u>101 286 568</u>
Total fixed assets		<u>572 891 105</u>	<u>590 086 280</u>
 Current assets			
Debtors			
Accounts receivables	10	15 802 861	20 744 269
Loans to group companies	8	983 346	4 593 318
Other receiveables		<u>3 874 096</u>	<u>9 292 708</u>
Total debtors		<u>20 660 303</u>	<u>34 630 296</u>
Cash and bank deposits	10	91 685 939	31 741 509
Total current assets		<u>112 346 242</u>	<u>66 371 805</u>
Total assets		<u>685 237 347</u>	<u>656 458 085</u>


Balance sheet
Boa SBL AS

Equity	Notes	2015	2014
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	52 027 422	12 358 669
Total retained earnings		<u>52 027 422</u>	<u>12 358 669</u>
Total equity		<u>252 141 422</u>	<u>212 472 669</u>
Liabilities			
Other long term liabilities			
Bonds	7, 10	350 000 000	370 000 000
Liabilities to group companies	8	65 926 679	62 854 903
Total of other long term liabilities		<u>415 926 679</u>	<u>432 854 903</u>
Current liabilities			
Trade creditors		6 660 204	3 455 610
Liabilities to group companies	8	4 055 735	2 685 873
Other short term liabilities		6 453 308	4 989 030
Total short term liabilities		<u>17 169 246</u>	<u>11 130 513</u>
Total liabilities		<u>433 095 925</u>	<u>443 985 416</u>
Total equity and liabilities		<u>685 237 347</u>	<u>656 458 085</u>


Helge Kvalvik
chairman of the board

Trondheim, 07.04.2016


Ole T. Bjørnevik
member of the board


Rune A Juliussen
member of the board

Notes to 2015 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 2015 annual accounts

Note 2 Operating income

Divisions	2015	2014
Offshore activity	165 229	121 150
Sum	165 229	121 150

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 2015 to Deloitte AS for audit was NOK 43 000.

Note 4 Fixed assets

	Vessels	Periodic maintenance	Total
Acquisition cost on 01.01	641 653	23 161	664 814
Additions	1 303	2 751	4 054
Acquisition cost on 31.12	642 956	25 912	668 868
Accumulated depreciation on 01.01	182 929	5 268	188 197
Depreciation this year	21 566	5 681	27 247
Accumulated depreciation on 31.12	204 494	10 948	215 443
Book value 31.12	438 461	14 962	453 423
Economic lifespan	27	2,5 - 5	
Depreciation plan	Linear	Linear	

The economic lifetime for the vessels has been extended from 20 to 27 and 30 years in 2015.

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

Notes to 2015 annual accounts

Note 6 Equity

	Share capital	Share premium	Other equity	SUM
Equity 01.01	200 100	14	12 359	212 473
Profit of the year			39 669	39 669
Equity 31.12	200 100	14	52 028	252 142

Note 7 Long term debt

	2016	2017	2018
Instalments	20 000	20 000	310 000

Note 8 Outstanding accounts with companies within the same group

Liabilities	Long term		Short term	
	2015	2014	2015	2014
Boa Offshore AS	65 927	62 855	4 021	2 410
Boa Marine Services SA			35	
Sum	65 927	62 855	4 056	2 410

Receivables	Long term		Short term	
	2015	2014	2015	2014
Boa Offshore AS	108 137	101 287	925	4 593
Boa OCV AS			49	
NFDS Offshore 1 AS			9	
Sum	108 137	101 287	983	4 593

Note 9 Tax

This years tax:	2015	2014
Changes in deferred tax	852	20
This years tax expense	852	20

Tax payable in balance:	2015	2014
This years tax on profit		
Net tax payable	0	0

This years tax basis:	2015	2014
Financial result	-200	74
Loss carried forward		
This years tax basis	-200	74

Temporary differences:	2015	2014
Profit and loss account	45 322	45 122
Net temporary differences	45 322	45 122
Net deferred tax 25 % / 27 %	11 330	12 183

Notes to 2015 annual accounts

Note 10 Secured debt

Debt secured by mortgage etc.	2015	2014
Debt to credit institutions	350 000	370 000
Sum	350 000	370 000

Book value of assets mortgaged for debt:	2015	2014
Bank deposits	91 686	31 612
Accounts receivable	15 803	20 744
Vessels	453 423	476 617
Sum	560 912	528 973

Note 11 Intercompany transactions

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

Operating transactions:	2015	2014
Services		
- Mother company	42 921	27 559
- Sister company	2 316	1 433
Total expenses from operating transactions	45 237	28 992

Finance transactions:	2015	2014
Interest income		
- Mother company	6 851	6 805
Total income from finance transactions	6 851	6 805

Interest expense		
- Mother company	3 072	3 466
Total expenses from finance transactions	3 072	3 466

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	2015	2014
Cash flow from operating activities		
Profit before income taxes	40 521	5 038
Depreciation	27 247	37 228
Changes in trade receivables and creditors	8 146	3 275
Changes in receivables from group entities	1 201	-10 341
Changes in other short-term receivables and liabilities	6 883	-6 850
Net cash flow from operating activities	83 998	28 350
Cash flow from investing activities		
Purchase of tangible fixed assets	-4 054	-16 827
Net cash flow from investing activities	-4 054	-16 827
Cash flow from financing activities		
Repayment of long term liabilities	-20 000	-20 000
Net cash flow from financing activities	-20 000	-20 000
Net changes in cash and cash equivalents	59 944	-8 477
Cash and cash equivalents at 01.01	31 742	40 219
Cash and cash equivalents at 31.12	91 686	31 742

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, showing a profit of NOK 39.668.753. The financial statement comprises of the balance sheet as at 31.12.2015, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors Responsibility for the Financial Statements

The Board of Directors is 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 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 31.12.2015, 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, 15. april 2016
Deloitte AS

Jon Bjørnaas
State Authorised Public Accountant (Norway)

Translation has been made for information purposes only