



**BOA**

# **Annual Report**

## **Boa Offshore AS**

### **Group**

### **2017**

Org.nr. 926 265 156



# **BOA OFFSHORE AS**

## **GROUP**

### **BOARD'S ANNUAL REPORT FOR 2017**

#### **Nature and location of activities:**

Boa Offshore AS is the parent company of the Boa Offshore Group ("Group"). The company invests in shipping and offshore related companies. The Group is comprised of several ship owning companies within the following segments; tugboats, barges and offshore vessels. The tugboat activity, including salvaging, operates along the Norwegian coast and the North Sea. The barge fleet consists of larger barges, and the offshore department manages offshore supply vessels within construction and oil exploration, operating worldwide. The management is located in Trondheim. The group has also an office in Houston, operating part of the Groups fleet in the Gulf of Mexico.

#### **Work environment:**

At year-end the Group had approx. 292 employees and, in the opinion of the Board, a good work environment. The total absenteeism rate for the year was around 3.4 %.

#### **Equal opportunity:**

The Group operates within a sector that historically has been dominated by men. This is also the case among our staff, in which men form the majority of sailing personnel. Consequently, the percentage of women in leading positions is small.

The company aims to ensure that any discrimination based on gender, religion or nationality is subject to immediate follow-up by the management staff onboard the vessels and onshore ensuring conditions guarantees equal opportunity.

The ratio among men and woman in administration onshore is approx. 28 % women and 72 % men. There are two top positions in the Group management held by women.

For the Group, the distribution among the employees is about 8 % women and about 92 % men.

#### **Health, safety, the environment and quality:**

The goal of the Group's health, safety, the environment and quality policy is 'zero tolerance' when it comes to injury to persons, damage to ships, work-related illness and environmental damage. This can be achieved by establishing a good work environment and work routines both onboard the vessels and onshore. The risk factors linked to the company's operations are continuously identified and the necessary risk-reducing measures implemented. The Group has established procedures for dealing with accidents and other emergency situations and meets international requirements concerning safeguards against acts of terrorism. The Group aims to be known in the market for providing high-quality services and in accordance with national and international laws and regulations.

To achieve these goals, the Group has established an integrated health, safety, environment and quality control system that is used by both the onshore organisations and those onboard the vessels. The system meets all relevant requirements with regard to international standards as well as requirements and guidelines developed by branch organisations within the offshore and shipping sectors. The system undergoes continuous improvements based on reports from users and annual reviews by customers, authorities and the organisation itself.

The goal for the future with regard to the integrated health, safety, the environment and quality system is to achieve combined certification pursuant to the requirements of the ISM code and ISO 9001:2000 quality standard. Parts of this certification are now introduced.

Over the last year it has been none serious work-related injury among employees nor contracted personnel. The Group is continuously working to reduce the number of work related injuries.

**External environment:**

The machinery on the vessels run on fuel and, apart from the emissions from this machinery, the Board does not believe that the ships pollute the external environment beyond what is normal for this type of maritime activity. The Group is continuously working to reduce discharge to sea and air.

**Continued operations:**

To ensure continued operations, a proposal for restructuring of the Boa Offshore Group was initiated in November 2016. The proposal was presented to and discussed with the Group's largest creditors and a final agreement with the financial creditors was entered into in July 2017. The restructuring includes for the outstanding Boa Group corporate bonds extended maturity dates to December 2020 with full amortization holiday until maturity, PIK interests and future cash-sweeps. Applied for both the outstanding corporate bonds and bank debt of the Boa Group, all guarantees except Taubåtkompaniet AS' guarantee for the Boa Offshore Sub bond have been discharged. Intercompany loans have been discharged or significantly reduced as a part of the solution.

The new financial model includes a change to the corporate legal structure, where management of the Group's vessels now will be performed by Boa Management AS instead of Boa Offshore AS. Boa Management AS is a subsidiary of Boa Shipping AS.

For NFDS Offshore 1 AS and NFDS Offshore 2 AS, the financial restructuring imposed sale of the companies' vessels by 31.12.17, later extended to 30.06.18. Efforts are being made to find a long-term solution with creditors beyond 30.06.18, but this is not currently in place. Boa Barges AS has previously granted mortgages in its barges upwards limited to 150 MNOK, as security for long-term loans in NFDS Offshore 1 AS and NFDS Offshore 2 AS.

Based on the implemented financial restructuring, the Board confirms that there is no significant uncertainty about continued operations, and the annual accounts for 2017 for the company and the Group were drawn up under the assumption of continued operations.

**Review of annual accounts:**

The operating profit for the Group in 2017 was MNOK -54.7, compared to MNOK -652.1 in 2016. In 2017, ship value impairment losses of 38.5 million were made. It is the board's view that in today's market these valuations are associated with uncertainty.

Net financial items were MNOK -224.1, compared to MNOK -145.4 in 2016.

The Group had in 2017 a tax expense of MNOK 49.6, compared to MNOK 193.8 in 2016.

The final result was a loss of MNOK 328.4 compared to MNOK 991.4 in 2016.

Total year end assets were MNOK 3 367, compared to MNOK 3 764 the previous year. The percentage of shareholder's equity on December 31, 2017 was -2.1 %, compared with 7.0 % on December 31, 2016. Booked value of equity for the Group is lost, but there are additional values in the vessels that make the fair value of book equity positive.

**Financial risk:***Market risk:*

The Group is susceptible to changes in currency rates considering that the Group's earnings and long-term financing is partly in foreign currency. However, this market risk is to a certain degree reduced by the Group also having certain operating costs in the same currency. The Group continuously considers entering into forward contracts and other agreements in order to reduce the currency risk. By 31.12.2017 the total of the group's interest bearing debt was NOK 2 905 million where of NOK 569 million is secured by interest rate swap agreements or fixed rate.

*Credit risk:*

The Group companies are exposed to the risk that the contracting parties will not have the financial means to meet their obligations. No agreements have been entered into or other financial means established to minimize the Group companies credit risk.

*Liquidity risk:*

The Group's liquidity position as of 31.12.2017 is NOK 351 million. Boa Offshore AS is financed by equity and debt. The parent company has a bond of NOK 442 million and a subordinated bond of NOK 51 million both listed at Oslo Stock Exchange ABN. The total of outstanding bonds as of 31.12.2017 for the company was NOK 493 million. Out of this 131 mNOK is interest bearing debt with PIK-interests. Total outstanding bonds for the Group is MNOK 1 927 where MNOK 1 565 is interest bearing. The group has in addition loan to financial institutions of mNOK 1340 with various maturities between 2020 and 2027.

**Appropriation of profits:**

The year-end result of the parent company, Boa Offshore AS, was MNOK 193.7. The Board proposes the following distribution:

Transferred to other equity	MNOK	193.7
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**Events after the balance sheet date:**

No events have taken place after the end of the financial year that would materially affect the evaluation of the Group's profit and loss account or balance sheet as per December 31, 2017.

**Future development:**

The outlook for Boa Offshore continues to be a mixed picture. Boa Offshore's Barge and Tug segments are exposed to more industries and demand drivers than oil and gas. The Barge business currently holds a relatively robust backlog, of which a significant part is non-oil and gas related. The activity level for the Barge business is expected to remain robust and stable in the coming years based on current prospects. Based on current oil prices at around USD65/bbl it is anticipated that the oil and gas related activities and prospects also will pick gradually up in coming years. The Tug business has since summer 2017 experienced somewhat higher activity, especially in the spot market, after some challenging quarters in 2016. The Tug business is expected to improve in the first half of 2018, compared with the same period last year, supported by the largest tug Boa Odin commencing a 1 + 1 year contract 1st January 2018.

The short to medium term outlook for the offshore vessel segment (OCV, SBL and AHTS) remains challenging. However, if oil prices remain at around current levels, it is expected to see an increase in tendering activity during 2018 and into 2019. This will most likely not translate into higher income before 2019-2020, and 2018 is therefore expected to be just as challenging as 2017 from an earnings perspective.

The North Sea AHTS spot market is currently in winter mode, with low rates and utilization. Utilization for Boa Jarl has since late November been relatively strong, however dayrates have been subdued. Although a modest increase in rig activity is expected in 2018 in the North Sea on the back of improving oil prices and recent contract awards, the outlook for the North Sea AHTS market remains challenging and uncertain. Certain windows of dayrate improvements are expected in the summer season, of which the magnitude will be explained by the number of idle vessels to be re-activated in the coming months. Boa currently has one AHTS operating in the sport marked and one laid up in Poland.

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

Trondheim, 7. March 18

The Board of Boa Offshore AS



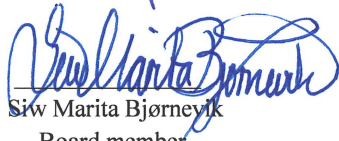
Ole T. Bjørnevik  
Chairman of the Board



Georg Scheel  
Board member



Oddvar Sørtømme  
Board member



Siw Marita Bjørnevik  
Board member



Eskil Bjørnevik  
Board member



Helge Kvalvik  
CEO

# Income statement

Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
2017	2016	Operating income and operating expenses	Note	2017	2016
<b>131 224</b>	<b>284 058</b>	<b>Total operating income</b>	<b>2</b>	<b>630 785</b>	<b>810 694</b>
4 003	5 175	Operating cost ships		251 517	287 290
93 680	215 551	Payroll expenses	3, 9, 15	205 774	275 439
1 194	2 031	Depreciation	4	167 284	189 315
0	0	Write down fixed assets	4	38 470	581 947
21 878	48 305	Other operating expenses	3, 15	22 424	128 852
<b>120 755</b>	<b>271 062</b>	<b>Total operating expenses</b>		<b>685 469</b>	<b>1 462 843</b>
<b>10 469</b>	<b>12 996</b>	<b>Operating result</b>		<b>-54 683</b>	<b>-652 149</b>
		<b>Financial income and expenses</b>			
19 592	1 977	Income from subsidiaries		0	0
50 001	87 163	Interest income from group companies	15	8 491	7 529
455	8 878	Other interest income		1 251	122 902
265 381	18 362	Other financial income		68 495	57 304
25 571	850 808	Depreciation of other financial fixed assets		0	472
35 444	51 891	Interest expense to group companies	15	1 043	1 715
27 567	60 169	Other interest expenses		193 654	214 540
63 227	18 129	Other financial expenses		107 674	116 412
<b>183 619</b>	<b>-864 618</b>	<b>Financial result</b>		<b>-224 134</b>	<b>-145 404</b>
<b>194 088</b>	<b>-851 622</b>	<b>Result before tax</b>		<b>-278 817</b>	<b>-797 552</b>
381	200 320	Tax on ordinary result	12	49 616	193 837
<b>193 707</b>	<b>-1 051 942</b>	<b>Profit for the year</b>		<b>-328 434</b>	<b>-991 389</b>
0	0	Minority share		-2 821	-16 195
-193 707	1 051 942	From other equity	8	328 434	991 389
<b>193 707</b>	<b>-1 051 942</b>	<b>Net brought forward</b>		<b>-328 434</b>	<b>-991 389</b>

# Balance sheet

## Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
31.12.2017	31.12.2016		Note	31.12.2017	31.12.2016
		<b>Fixed assets</b>			
		<b>Intangible assets</b>			
0	0	Deferred tax asset	12	10 722	56 296
<u>0</u>	<u>0</u>	<b>Total intangible assets</b>		<u>10 722</u>	<u>56 296</u>
		<b>Tangible fixed assets</b>			
0	5 847	Buildings and land		1 897	5 847
0	4 162	Vessels		2 497 771	2 700 391
0	4 120	Equipment and other movables		21 226	20 112
<u>0</u>	<u>14 129</u>	<b>Total tangible fixed assets</b>	4	<u>2 520 893</u>	<u>2 726 350</u>
		<b>Financial fixed assets</b>			
487 159	138 776	Investments in subsidiaries	5	0	0
529 054	1 094 654	Loans to group companies	6, 11	142 010	158 943
0	1 522	Investments in shares	5	1 772	1 772
0	18 974	Other receivables	6, 9	14 801	21 801
<u>1 016 212</u>	<u>1 253 926</u>	<b>Total financial fixed assets</b>		<u>158 582</u>	<u>182 515</u>
<u>1 016 212</u>	<u>1 268 055</u>	<b>Total fixed assets</b>		<u>2 690 198</u>	<u>2 965 161</u>
		<b>Current assets</b>			
0	67	Inventories		6 162	10 531
		<b>Receivables</b>			
63	6 651	Trade receivables		177 065	221 430
30 211	146 323	Loans to group companies	11	2 508	23 475
3 731	31 120	Other receivables	12	140 105	179 193
<u>34 004</u>	<u>184 094</u>	<b>Total receivables</b>		<u>319 678</u>	<u>424 098</u>
		<b>Investments</b>			
0	0	Other financial instruments		362	357
<u>0</u>	<u>0</u>	<b>Total investments</b>		<u>362</u>	<u>357</u>
21 969	89 101	Cash and bank deposits	2, 14	351 090	363 648
<u>55 973</u>	<u>273 262</u>	<b>Total current assets</b>		<u>677 292</u>	<u>798 635</u>
<u>1 072 186</u>	<u>1 541 318</u>	<b>Total assets</b>		<u>3 367 490</u>	<u>3 763 796</u>

# Balance sheet

## Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
31.12.2017	31.12.2016	Equity and liabilities	Note	31.12.2017	31.12.2016
		<b>Restricted equity</b>			
2 500	2 500	Share capital	7, 8	2 500	2 500
74 447	74 447	Share premium	8	74 447	74 447
3 106	3 106	Other restricted equity	8	3 106	3 106
<b>80 053</b>	<b>80 053</b>	<b>Total restricted equity</b>		<b>80 053</b>	<b>80 053</b>
		<b>Retained earnings</b>			
145 207	-48 500	Other equity	8	-149 790	183 096
<b>145 207</b>	<b>-48 500</b>	<b>Total retained earnings</b>		<b>-149 790</b>	<b>183 096</b>
<b>225 260</b>	<b>31 552</b>	<b>Total equity</b>		<b>-69 737</b>	<b>263 149</b>
0	0	Minority share		-7 280	-4 312
		<b>Liabilities</b>			
		<b>Other long term liabilities</b>			
493 077	560 060	Bonds	10, 13	1 926 771	1 890 060
0	0	Liabilities to financial institutions	10, 13	1 339 949	1 374 273
346 983	875 826	Liabilities to subsidiaries	11	0	30 843
<b>840 060</b>	<b>1 435 886</b>	<b>Total other long term liabilities</b>		<b>3 266 721</b>	<b>3 295 177</b>
		<b>Current liabilities</b>			
3 321	6 397	Trade creditors		58 547	80 582
2 994	33 210	Liabilities to subsidiaries	11	1 250	1 072
0	0	Tax payable	12	647	765
319	9 216	Public duties payable		7 502	10 320
232	25 057	Other short term liabilities		102 559	112 732
<b>6 866</b>	<b>73 879</b>	<b>Total short term liabilities</b>		<b>170 506</b>	<b>205 471</b>
<b>846 926</b>	<b>1 509 766</b>	<b>Total liabilities</b>		<b>3 437 227</b>	<b>3 500 648</b>
<b>1 072 186</b>	<b>1 541 318</b>	<b>Total liabilities and equity</b>		<b>3 367 490</b>	<b>3 763 796</b>

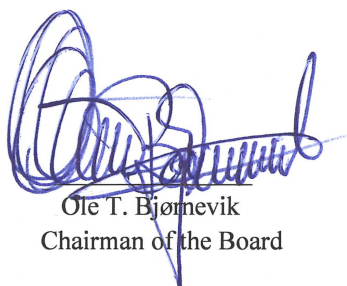


# Balance sheet

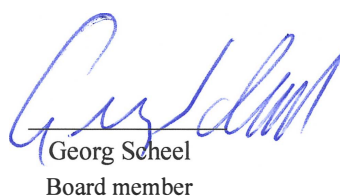
## Boa Offshore AS

Trondheim, 7. March 2018

The Board of Boa Offshore AS



Ole T. Bjørnevik  
Chairman of the Board



Georg Scheel  
Board member



Oddvar Sornomme  
Board member



Siw Marita Bjørnevik  
Board member



Eskil Bjørnevik  
Board member



Helge Kvalvik  
CEO

# Consolidated Cash Flow Statement

## Boa Offshore AS

Figures in 1 000 NOK

2017	2016			2017	2016
		<b>Cash flow from operating activities</b>			
194 088	-851 622	Profit before income taxes		-278 817	-797 552
-368 383	0	Loan to equity conversion		0	0
40 175	0	Payment in kind bonds (PIK-bonds)		143 870	0
37 159	0	Group internal transfer of business		0	0
-19 592	-1 977	Gain on investments in subsidiaries		0	0
-381	-482	Income tax payable		-3 677	-2 169
1 194	2 031	Depreciation and write-down		205 754	771 262
-29	0	Gain on sale of tangible fixed assets		-6 430	3 800
0	90	Gain on sale of financial fixed assets		-76	90
25 571	850 808	Write-down of financial fixed assets		0	472
67	-67	Changes in inventories		4 369	2 349
6 588	-3 838	Changes in trade receivables		44 365	-14 509
43 716	-19 170	Changes in other receivables		43 709	638 381
-3 076	-1 581	Changes in trade creditors		-22 035	-74 350
140 250	720 925	Changes in receivables from group companies		7 236	-14 519
-32 057	-36 641	Changes in other short-term liabilities		-14 376	-39 848
<b>65 291</b>	<b>658 475</b>	<b>Net cash flow from operating activities</b>	<b>A</b>	<b>123 892</b>	<b>473 406</b>
		<b>Cash flow from investing activities</b>			
4 029	0	Sale of tangible fixed assets		30 582	5 793
-82	-1 133	Purchase of tangible fixed assets		-20 940	-87 002
960	960	Sale of financial fixed assets		960	960
-5 571	-63 000	Purchase of financial fixed assets		-5 571	-63 000
0	-343 030	Changes in other investments		0	-8
<b>-664</b>	<b>-406 203</b>	<b>Net cash flow from investing activities</b>	<b>B</b>	<b>5 030</b>	<b>-143 256</b>
		<b>Cash flow from financing activities</b>			
-107 156	-264 662	Paid in long term liabilities		-141 480	-448 902
-26 600	0	Changes in liabilities		0	0
1 997	2 665	Group contribution		0	0
<b>-131 759</b>	<b>-261 997</b>	<b>Net cash flow from financing activities</b>	<b>C</b>	<b>-141 480</b>	<b>-448 902</b>
<b>-67 132</b>	<b>-9 726</b>	<b>Net changes in cash and cash equivalents</b>	<b>A+B+C</b>	<b>-12 558</b>	<b>-118 753</b>
89 101	98 827	Cash and cash equivalent start at period		363 648	482 401
<b>21 969</b>	<b>89 101</b>	<b>Cash and cash equivalents at end of period</b>		<b>351 090</b>	<b>363 648</b>

## **Note 1      Accounting principles**

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

### **Consolidation principles**

The consolidated financial statement comprises Boa Offshore AS and subsidiaries, where the company has controlling interest as a result of legal or actual control. The consolidated accounts are established in accordance with uniform accounting principles for similar transactions within all companies included in the consolidated financial statement. All essential transactions and outstanding accounts between companies within the group are eliminated. Investments in companies in which the group has considerable influence (associates and joint ventures) are valued in the consolidated financial statement in accordance with the equity method. Considerable influence generally means that the group owns 20 to 50 percent of the voting capital.

### **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.

### **Capitalised interests**

Interest related to ships under construction are capitalized.

### **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.

### **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.

### **Bonds classified as fixed assets**

Bonds are recognised at purchase cost. Bonds are written down at the actual value if the decrease in value is not expected to be temporary.

### **Investments classified as floating assets**

Market-based financial instruments, including shares included in a trading portfolio, are recognised at the actual value 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.

**Expenses**

Expenses are recognised in the same period as the related revenues. In those instances in which there is no clear connection between expenses and revenues, the distribution is determined based on discretionary criteria. Other exceptions from the classification principle are disclosed when relevant.

**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.

The Ship Owning companies is taxed by the Norwegian shipowning tax regime as of 01.01.2007.

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

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

**Miscellaneous**

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

**Note 2            Segments****Group**

<b>Company</b>	<b>Segment</b>	<b>Operating income</b>	<b>EBITDA</b>	<b>Cash</b>
Boa OCV AS	OCV	260 695	50 362	126 718
Boa SBL AS	Seismic	25 598	-12 536	48 492
Boa Barges AS	Barge	155 901	76 793	33 368
Boa Barges LLC	Barge	37 577	-1 273	3 051
Boa Tugs AS	Tugs	106 089	15 269	24 965
T.A. Kittilsen Shipping AS	Tugs	29 423	-908	10 535
NFDS Offshore 1 AS	AHTS	0	-17 433	20 967
NFDS Offshore 2 AS	AHTS	7 441	-25 630	11 190
Boa Offshore AS	Other	131 224	11 663	21 969
Boa Management AS	Other	46 932	9 913	38 458
Boa PSV AS	Other	3 972	3 302	6
Other/elimination	Other	-174 066	41 550	11 372
<b>Sum</b>		<b>630 785</b>	<b>151 071</b>	<b>351 090</b>

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

	<b>Parent company</b>		<b>Group</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Salaries	77 765	185 049	168 032	214 903
Employer's national insurance contribution	5 923	9 357	11 933	10 237
Pension contribution	2 756	6 949	6 391	7 083
Other personnel expenses	5 104	9 871	6 001	10 051
Hired in staff	2 132	4 324	13 416	33 165
<b>Total personnel costs</b>	<b>93 680</b>	<b>215 551</b>	<b>205 774</b>	<b>275 439</b>

Number of man-labour years employed	256*	294	292	340
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\*All employee contracts in Boa Offshore AS were transferred to Boa Management, Boa Crewing 1 AS or Boa Crewing 2 AS during the second half of the year.

<b>Management remuneration*</b>		<b>Salary</b>	<b>Pension cost</b>	<b>Other</b>
CEO		2 195	27	454
Board of Directors	parent company			300
	group			300

**Loan and securities to shareholders,  
management personnel and  
employees**

	<b>Amount</b>	<b>Interest rate</b>	<b>Securities</b>
Employees	7 160	0 - 4 %	Security in fixed assets

<b>Auditor</b>	<b>Parent company</b>	<b>Group</b>
Audit fee for 2017 to Deloitte AS was NOK	280	1016
Fee for audit related services was NOK	49	207
Fee paid to Deloitte Advokatfirma AS was NOK	14	14

**Note 4 Fixed assets****Parent company**

	<b>Vessels</b>	<b>Periodic maintenance</b>	<b>Property</b>	<b>Equipment</b>	<b>Sum</b>
Acquisition cost on 01.01	10 584	780	5 847	6 142	23 353
Additions	0	0	50	32	82
Disposals	-10 584	-780	-5 897	-6 174	-23 435
<b>Acquisition cost on 31.12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Accumulated depreciation 01.01	6 711	491	0	2 022	9 223
Acc. depreciation disposals	-7 014	-583	0	-2 819	-10 417
Depreciation this year	304	92	0	798	1 194
<b>Accum. depreciation 31.12.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Book value</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Economic life	27-30 years	2,5-5 years	5 years
Depreciation schedule	Linear	Linear	Linear

Annual lease amount on fixed assets not included on the balance sheet 454

**Group**

	<b>Vessels</b>	<b>Periodic maintenance</b>	<b>Ships under construction</b>	<b>Buildings, land and equipment</b>	<b>Sum</b>
Acquisition cost on 01.01	4 574 471	286 777	5 847	22 958	4 890 054
Additions	6 357	14 853	50	6 699	27 958
Disposals	-28 659	-14 738	-4 000	-5 884	-53 281
<b>Acquisition cost on 31.12</b>	<b>4 552 169</b>	<b>286 893</b>	<b>1 897</b>	<b>23 773</b>	<b>4 864 731</b>
Accumulated depreciation 01.01	1 993 277	167 581	0	2 846	2 163 703
Acc. depreciation disposals	-16 426	-6 376	0	-2 819	-25 621
Depreciation this year	123 614	41 149	0	2 520	167 283
Write-down this year	38 471	0	0	0	38 471
<b>Accum. depreciation 31.12.</b>	<b>2 138 936</b>	<b>202 354</b>	<b>0</b>	<b>2 547</b>	<b>2 343 838</b>
<b>Book value</b>	<b>2 413 233</b>	<b>84 539</b>	<b>1 897</b>	<b>21 226</b>	<b>2 520 893</b>

Economic life	27-30 years	2,5-10 years	5 years
Depreciation schedule	Linear	Linear	Linear

Annual lease amount on fixed assets not included on the balance sheet 34 191

In 2017 vessels have been written off with 38.471.000,-. By the end of 2017, two independent broker values are obtained to determine net selling price for the vessels. Brokers' estimate assume the vessels are without charter contracts, immediately available for sale in the market and that a willing seller and a willing buyer exist. In cases where there is uncertainty regarding book value against net selling price, a calculation for value in use is done by discounting future cash flows to present value at the balance sheet date. Due to reduced liquidity in the market for vessels, there is an increased uncertainty about the estimated ship values in today's market.

**Note 5 Shareholdings in subsidiaries, associated companies and joint ventures**

<b>Group</b>	<b>Year of acquisition</b>	<b>Office address</b>	<b>Share</b>	<b>Equity Dec. 31 2017</b>	<b>Results 2017</b>
<b>Subsidiaries (Norwegian)</b>					
Boa Shipping AS		2000 Trondheim	100 %	-162 937	-91 120
Boa OCV AS		2002 Trondheim	100 %	-165 508	-357 824
Boa SBL AS		2008 Trondheim	100 %	65 157	-140 242
T.A. Kittilsen Shipping AS		1998 Brevik	100 %	3 732	-3 397
Nye Kystlink AS		2012 Trondheim	100 %	-24 321	-7 285
Boa IMR AS		2014 Trondheim	63 %	84 062	-7 633
<b>Tier subsidiaries (Norwegian)</b>					
Boa Barges AS		2008 Trondheim	100 %	305 223	-27 928
Boa PSV AS		2011 Trondheim	100 %	102 167	6 792
Boa Tugs AS		2008 Trondheim	100 %	91 582	-10 897
Boa Management AS		2017 Trondheim	100 %	23 019	10 456
NFDS Offshore 1 AS		2012 Trondheim	100 %	-47 144	-62 369
NFDS Offshore 2 AS		2014 Trondheim	100 %	-40 680	-70 274
Boa Crewing 1 AS		2017 Trondheim	100 %	1 206	87
Boa Crewing 2 AS		2017 Trondheim	100 %	1 448	-509
<b>Subsidiaries (foreign)</b>					
Boa Marine S.A		2006 Gdynia i Polen	100 %	288	63
Rederi AB		2005 Sverige	100 %	1 050	47
Boa Tugs AB		2011 Sverige	100 %	-67	-73
Boa Offshore LLC		2011 USA	100 %	-21 320	2 642
<b>Tier subsidiaries (foreign)</b>					
Boa Barges LLC		2015 USA	100 %	-874	-1 273
Boa Marine Management LLC		2016 USA	100 %	-4 533	-5 856
Boa Marine LLC		2016 USA	100 %	-31	-2 457

<b>Group Company</b>	<b>Share</b>	<b>Acq. costs</b>	<b>Book value</b>	<b>Market value</b>
Midnor Bestik (foundation)	0,50 %	10	10	10
EMGS ASA		135	4	4
Nio Inc.		10	0	0
Åfjord Utvikling AS	3 %	6	6	6
Taklift AS	10 %	250	250	250
Åfjord Sparebank		1 974	1 502	1 502
<b>Sum</b>		<b>2 384</b>	<b>1 772</b>	<b>1 772</b>

**Note 6 Long-term receivables**

	Parent company		Group	
	2017	2016	2017	2016
Receivables from group companies	529 054	1 094 654	142 010	158 943
Other long-term receivables	0	18 974	14 801	21 801
<b>Sum</b>	<b>529 054</b>	<b>1 113 628</b>	<b>156 811</b>	<b>180 744</b>

**Note 7 Shareholder information**

	Shares	Equity share	Voting share
Taubåtkompaniet AS	2 000	100,00 %	100,00 %
<b>Total number of shares</b>	<b>2 000</b>	<b>100,00 %</b>	<b>100,00 %</b>

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.

The company Boa Offshore AS and its subsidiaries is a part of the group Taubåtkompaniet AS.  
The groups financial statement can be distributed from the office in Trondheim.

**Note 8 Shareholder's equity**

Parent company					
	Share capital	Share premium	Other restricted equity	Other equity	SUM
Equity 01.01.	2 500	74 447	3 106	-48 500	31 552
Profit of the year				193 707	193 707
<b>Equity 31.12.</b>	<b>2 500</b>	<b>74 447</b>	<b>3 106</b>	<b>145 207</b>	<b>225 260</b>

Group					
	Share capital	Share premium	Other restricted equity	Other equity	SUM
Equity 01.01.	2 500	74 447	3 106	183 096	263 149
Subsidiaries addition				-5 697	-5 697
Profit of the year				-328 434	-328 434
Conversion differences				1 245	1 245
<b>Equity 31.12.</b>	<b>2 500</b>	<b>74 447</b>	<b>3 106</b>	<b>-149 791</b>	<b>-69 737</b>



**Note 9 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 66 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**

	2017	2016
Net present value of pension build-up this year	2 488	2 790
Interest costs for pension obligation	307	277
Return on pension funds	-426	-341
Estimated deviation recorded	285	368
Administrative costs	248	237
Accrued employer's contribution	369	418
<b>Net costs after employer's contribution</b>	<b>3 271</b>	<b>3 750</b>

**Pension obligation**

	2017	2016
Pension obligation	-9 700	-12 040
Pension funds (at market value)	9 701	11 114
Accrued employer's contribution	0	-131
Deferred obligation for (losses)/profits	2 961	5 250
<b>Net pension funds</b>	<b>2 963</b>	<b>4 193</b>

**Financial assumptions**

	2017	2016
Interest rate	2,4 %	2,6 %
Expected return	4,1 %	3,6 %
Salary increase	2,5 %	2,5 %
G-regulation	2,3 %	2,3 %
Regulation of continuous pension	0,5 %	0,0 %
Employer's contribution rate	14,1 %	14,1 %
Voluntary resignation before the age of 40	0,0 %	0,0 %
Voluntary resignation after the age of 40	0,0 %	0,0 %

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

**Note 10 Long-term debts****Parent company**

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

	2018	2019	2020	2021	→
Instalments	0	0	0	0	493 077

**Group**

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

	2018	2019	2020	2021	→
Instalments	20 472	20 169	1 971 653	469 850	784 577

**Note 11 Outstanding accounts with companies within the same group**

Parent company	Long term liabilities		Short term liabilities	
	2017	2016	2017	2016
Boa Barges AS	0	42 046	0	0
Boa Barges LLC	0	0	66	33
Boa Eiendom AS	0	30 843	0	19
Boa Marine Services SA.	0	0	188	157
Boa OCV AS	149 832	576 717	0	26 282
Boa Offshore LLC	0	0	5 460	4 836
Boa Marine Management LLC	0	0	0	719
Boa Management AS	0	0	-2 927	0
Boa PSV AS	167 119	110 997	0	0
Boa SBL AS	30 093	115 283	0	0
Rederi AB	-60	-60	0	0
Boa Tugs AS	0	0	208	110
Taubåtkompaniet AS	0	0	0	1 053
<b>Sum</b>	<b>346 983</b>	<b>875 826</b>	<b>2 994</b>	<b>33 210</b>

	Long term receivables		Short term receivables	
	2017	2016	2017	2016
Boa Barges AS	0	0	0	4 224
Boa Barges LLC	0	0	0	40
Boa Eiendom AS	0	111	0	15 390
Boa IMR AS	15 940	10 183	4 592	2 600
Det Nordenfjeldske Dampskibsselskab AS	7 817	10 100	0	4 603
Boa OCV AS	0	0	0	60 577
Boa Offshore LLC	0	0	1 099	1 193
Boa Management AS	0	0	8 145	0
Boa Crewing 2 AS	0	0	1 881	0
Boa Marine LLC	0	0	918	12 174
Boa Marine Management LLC	0	0	0	-3
Boa PSV AS	0	0	8 937	0
Boa SBL AS	0	69 147	0	-141
Boa Shipping AS	324 997	815 290	0	0
Boa Tugs AB	188	329	14	12
Boa Tugs AS	0	10 608	-22	30 714
Helitrans AS	0	0	0	2 635
NFDS AS	0	97	0	0
NFDS Offshore 1 AS	98	0	718	2 564
NFDS Offshore 2 AS	52	0	702	6 299
Nye Kystlink AS	21 795	9 152	2 354	0
T. A. Kittilsen Shipping AS	23 973	20 905	873	2 594
Taubåtkompaniet AS	134 193	148 732	0	847
<b>Sum</b>	<b>529 054</b>	<b>1 094 654</b>	<b>30 211</b>	<b>146 323</b>

Group	Long term liabilities		Short term liabilities	
	2017	2016	2017	2016
Boa Eiendom AS	0	111	-265	15 390
Det Nordenfjeldske Dampskibsselskab AS	7 817	10 100	776	4 603
Helitrans AS	0	0	0	2 635
Taubåtkompaniet AS	134 193	148 732	1 997	847
<b>Sum</b>	<b>142 010</b>	<b>158 943</b>	<b>2 508</b>	<b>23 475</b>

Group	Long term debt		Short term debt	
	2017	2016	2017	2016
Boa Eiendom AS	0	30 843	0	19
Taubåtkompaniet AS	0	0	1 250	1 053
<b>Sum</b>	<b>0</b>	<b>30 843</b>	<b>1 250</b>	<b>1 072</b>

**Note 12          Tax****Parent company**

<b>This years tax:</b>	<b>2017</b>	<b>2016</b>
Changes in deferred tax	0	8 153
Tax payable abroad	381	482
Write-down deferred tax asset	0	191 685
<b>This years tax expense</b>	<b>380</b>	<b>200 320</b>

<b>This years tax basis:</b>	<b>2017</b>	<b>2016</b>
Result before tax	194 088	-851 622
Permanent differences	-221 342	850 005
Changes in timing differences	-12 180	-2 556
Group contribution	19 592	1 977
<b>This years tax basis</b>	<b>-19 841</b>	<b>-2 196</b>

<b>Temporary differences:</b>	<b>2017</b>	<b>2016</b>
Tangible fixed assets	0	1 678
Receivables	0	-7 824
Profit and loss account	-34 479	-44 802
Short term liabilities	0	4 289
Tax losses carried forward	-520 600	-752 031
Net temporary differences	-555 078	-798 690
Net deferred tax	0	0

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

**Note 12 Tax, continuing.****Group:**

<b>This years tax:</b>	<b>2017</b>	<b>2016</b>
Changes in deferred tax	-31 814	350
Tax payable Norway	516	587
Tonnage tax	177	178
Tax previous years	169	-173
Tax payable US	3 180	1 210
Write-down deferred tax asset	77 388	191 685
<b>This years tax expense</b>	<b>49 616</b>	<b>193 837</b>
<b>This years tax basis, ordinary taxation:</b>	<b>2017</b>	<b>2016</b>
Result before tax	-278 817	-641 075
Permanent differences	7 169	10 933
Changes in timing differences	-125 333	210 589
Loss carried forward	48 888	100 817
Utilized loss carried forward	-25 673	-4 576
<b>This years tax basis</b>	<b>-373 766</b>	<b>-323 311</b>
<b>Calculation of tax base for the year shipping taxation:</b>	<b>2017</b>	<b>2016</b>
Profit and loss account	1 880	2 350
Financial result	-45 955	-18 031
Loss carried forward used	0	6 700
<b>Tax base for the year</b>	<b>-44 075</b>	<b>-8 981</b>
<b>Tax payable in balance:</b>	<b>2017</b>	<b>2016</b>
Calculated tonnage tax	131	178
Taxes payable	515	587
<b>Tax payable in balance</b>	<b>647</b>	<b>765</b>
<b>Temporary differences:</b>	<b>2017</b>	<b>2016</b>
Tangible fixed assets	-181 301	-275 388
Receivables	-4 332	-48 212
Profit and loss account	52 540	63 985
Short term liabilities	3 100	4 289
Tax losses carried forward	-1 501 173	-1 360 011
Net temporary differences	-1 631 165	-1 615 336
Temporary differences not included	-1 584 547	-1 380 768
<b>Net temporary differences</b>	<b>-46 618</b>	<b>-234 568</b>
<b>Net deferred tax</b>	<b>10 722</b>	<b>56 296</b>

The shipowning companies in the group are taxed in accordance with the Norwegian shipowning tax regime.

**Note 13 Pledges and guarantees, etc.****Parent company:**

<b>Book debt secured by pledge:</b>	<b>2017</b>	<b>2016</b>
Debts to credit institutions	0	0
Accrued interest	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

<b>Book value of pledged assets:</b>	<b>2017</b>	<b>2016</b>
Cash deposits	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Book value of assets mortgaged for debt for group companies:**

	<b>2017</b>	<b>2016</b>
Shares	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

Guarantee liabilities	33 615	1 214 331
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Boa Offshore AS is the guarantor for the fulfillment of loan obligations in Boa Barges AS, Boa Tugs AS, NFDS Offshore 1 AS and NFDS Offshore 2 AS.

**Group:**

<b>Book debt secured by pledge:</b>	<b>2017</b>	<b>2016</b>
Debts to credit institutions	2 773 643	2 700 183
Accrued interest	35 921	31 737
<b>Total</b>	<b>2 809 564</b>	<b>2 731 920</b>

<b>Book value of pledged assets:</b>	<b>2017</b>	<b>2016</b>
Cash deposits	240 735	271 683
Accounts receivables	82 212	45 118
Vessels	2 554 153	2 763 974
Shares/bonds	230 654	509 989
Group receivables	179 925	692 000
Other	41 731	18 653
<b>Total</b>	<b>3 329 410</b>	<b>4 301 417</b>

Guarantee liabilities	33 615	1 214 331
Pledge for other group companies	150 000	150 000

**Note 14 Bank deposits**

	<b>Parent company</b>		<b>Group</b>	
<b>Restricted deposits</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Employees' tax deduction	1 732	5 638	5 433	6 088
Other restricted deposits	12 225	54 181	175 822	59 905
<b>Total</b>	<b>13 958</b>	<b>59 818</b>	<b>181 256</b>	<b>65 994</b>

**Note 15 Intercompany transactions**

The owner of the company is Taubåtkompaniet AS, with 100 % of the shares. Ole T Bjørnevik is controlling Boa Holding AS.

Management remunerations are mentioned in note 3, and the outstanding accounts with group companies are mentioned in note 9. Mortgages and guarantees are mentioned in note 11.

**Parent company:**

<b>Operating transactions:</b>	<b>2017</b>	<b>2016</b>
Income		
- Mother company	1 175	1 703
- Subsidiary	124 492	259 177
- Other group companies	229	6 968
Total revenue from operating transactions	125 896	267 848
Services		
- Mother company	2 917	8 400
- Subsidiary	3 934	6 385
- Other group companies	0	19
Total expenses from operating transactions	6 850	14 804
<b>Finance transactions:</b>		
Group contribution and dividend		
- Subsidiary	19 592	1 977
Interest income		
- Mother company	7 497	6 881
- Subsidiary	41 510	67 684
- Other group companies	994	648
Other financial income		
- Subsidiary	219 717	0
- Other group companies	31 887	0
Income from guarantee commission		
- Subsidiary	6 253	11 950
Total income from finance transactions	327 450	89 140
Interest expense		
- Subsidiary	34 401	50 176
- Other group company	1 043	1 715
Write-down shares		
- Subsidiary	25 571	0
Total expenses from finance transactions	35 444	51 891

Service to group companies are priced at the same conditions as for external parts. Services to group companies are management and crew hire. These services are priced at cost + 2,5% to 10%.

Financial transactions are priced at the same conditions as for external parts.

**Note 15 Intercompany transactions, continuing.****Group:**

<b>Operating transactions:</b>	<b>2017</b>	<b>2016</b>
Income		
- Mother company	1 175	1 703
- Other group companies	229	6 968
Total revenue from operating transactions	1 404	8 671
Services		
- Mother company	2 917	8 400
- Other group companies	0	26
Total expenses from operating transactions	2 917	8 426
<b>Finance transactions:</b>		
Interest income		
- Mother company	7 497	6 881
- Other group companies	994	648
Other financial income		
- Other group companies	31 887	0
Total income from finance transactions	40 378	7 529
Interest expense		
- Other group companies	1 043	1 715
Total expenses from finance transactions	1 043	1 715

Service to group companies are priced at the same conditions as for external parts. Services to group companies are management and crew hire. These services are priced at cost + 2,5% to 10%. Financial transactions are priced at the same conditions as for external parts.

To the General Meeting of Boa Offshore AS

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Boa Offshore AS showing a profit of NOK 193 707 000 in the financial statements of the parent company and loss of NOK 328 434 000 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

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

#### *Basis for Opinion*

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

#### *Other information*

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

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



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

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

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

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### **Report on Other Legal and Regulatory Requirements**

#### *Opinion on the Board of Directors' report*

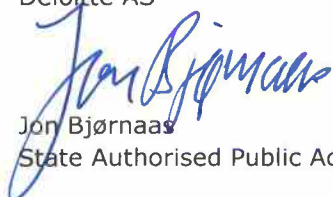
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements 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 and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 12 March 2018

Deloitte AS



Jon Bjørnaas  
State Authorised Public Accountant

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