

Annual Report
Boa Offshore AS
Group
2015

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BOA OFFSHORE AS GROUP

BOARD'S ANNUAL REPORT FOR 2015

Nature and location of activities:

Boa Offshore AS is the management company of the Taubåtkompaniet Group and the parent company of the Boa Offshore Group ("Group"). The company also 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. 411 employees and, in the opinion of the Board, a good work environment. The total absenteeism rate for the year was around 4,8 %.

Equal opportunity:

The Group operates within a sector that has historically been dominated by men. This is also the case among our staff, in which men form the majority of the maritime crew.

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

The gender ratio in administration onshore is approx. 32 % women and 68 % men. For the company in total the ratio of women is approx. 10 %. There are two top positions in the Group management held by a woman.

For the Group, the distribution among the employees is about 13 % women and about 87 % 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. Company aims to achieve this goal 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 crew on board 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.

Over the last year it has been one serious work-related injury among employees and 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 any discharge to sea and air.

Continued operations:

Boa Offshore AS (parent company) has positive equity as per December 31, 2015. The fair value of the company's equity is positive and is prudent. The annual accounts for 2015 for the Group were drawn up under the assumption of continued operations.

Review of annual accounts:

The operating profit for the Group in 2015 was MNOK -245.7 compared to MNOK 270.0 in 2014.

Net financial items were MNOK -218.1 compared to MNOK -259.2 in 2014.

The Group has in 2015 had a tax income of MNOK 42.4, compared to MNOK 21.7 in 2014.

The final result was a loss of MNOK 421.4 compared to a profit of MNOK 32.5 in 2014.

Total year end assets were MNOK 5 410 compared to MNOK 5 763 the previous year. The percentage of shareholder's equity on December 31, 2015 was 23.4 % compared with 28.3 % on December 31, 2014.

In 2015 Boa IMR AS signed a newbuilding contract with NorYards Fosen AS. Boa Offshore AS and Calexco S.A.R.L. entered into a collaboration to build and operate the vessel in Boa IMR AS. Due to violations of the agreement between Boa Offshore AS and Calexco S.a.r.l., the shipbuilding contract with NorYards Fosen AS was canceled. NorYards Fosen AS went into bankruptcy, and parts of the company's investment in the project has been written off.

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 31.12.2015 the total of the group's interest bearing debt was NOK 3 747 million where of NOK 985 million is secured by interest rate swap agreements or fixed rate.

Credit risk:

The potential risk that the contracting parties will not have the financial means to meet its obligations is considered low. No agreements have been entered into to minimise the Group's credit risk.

Liquidity risk:

The Group's liquidity position as of 31.12.2015 is NOK 482 million. The parent company has a bond of NOK 500 million and a subordinated bond of NOK 150 million listed at Oslo Stock Exchange ABN, as well as a non listed bond of NOK 50 million outstanding. The bonds have maturity dates in December 2018 (NOK 650 million) and May 2020 (NOK 50 million). The total of outstanding bonds as of 31.12.2015 was NOK 2 127.8 million.

Appropriation of profits:

The year-end result of the parent company, Boa Offshore AS, was MNOK -80.8. The Board proposes the following distribution:

Transferred from other equity	MNOK 80.8
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Events after the balance sheet date:

Boa PSV AS had two newbuilding contracts at a yard in China. The contracts were cancelled in 2015 and Boa PSV AS demanded repayment of their prepayments to the yard. The payments are secured by bank guarantees and have been refunded in 2016.

Boa Offshore LLC has in 2016 sold its subsidiary Boa Marine Services Inc.

Besides the above mentioned, 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, 2015.

Future Development:

The short to medium term outlook for the subsea segment remains uncertain and challenging due to the drop in oil prices from mid-2014. A number of offshore projects have been postponed and this has resulted in a significantly lower demand in the subsea segment. The Board expects no significant short term changes in the market.

Boa Offshore's Barge and Tug segments are exposed to more industries and demand drivers than oil and gas. For both these segments we see good prospects for the next couple of years. Although the Barge business saw a leaner 2015 in isolation, the backlog and prospects have never been higher. The Tug business has experienced increased activity in 2015, and prospects remain healthy.

A large part of the work performed by Boa OCV and the Boa US entities is undertaken within the IMR part of the subsea sector and other offshore support modes, which are less cyclical than the installation segment. Nevertheless, these subsea segments currently also experience headwinds.

The North Sea AHTS market has been weak in 2015, and is expected to remain challenging in coming years as the rig count and activity level in the North Sea has declined. On a positive note, the supply side (number of active and marketed vessels) has adjusted as vessel owners have put vessels into lay-up. Boa has the Boa Jarl currently in lay-up.

Trondheim, 15.04.2016

The Board of Boa Offshore AS



Ole T. Bjørnevik
Chairman of the Board



Svein Sivertsen
Deputy Chairman



Oddvar Sørtømme
Board member



Georg Scheel
Board member



Eskil Bjørnevik
Board member



Siw Marita Bjørnevik
Board member



Hege Kvalvik
CEO

Income statement

Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
2015	2014	Operating income and operating expenses	Note	2015	2014
299 944	256 082	Total operating income		1 683 741	1 765 482
3 244	5 782	Operating cost ships		1 053 029	1 016 818
242 528	189 087	Payroll expenses	3, 9, 15	349 719	267 597
994	1 476	Depreciation	4	182 180	190 665
0	30	Write down fixed assets	4	265 041	30
82 843	35 156	Other operating expenses	3, 15	79 456	20 342
329 609	231 532	Total operating expenses		1 929 425	1 495 452
-29 665	24 550	Operating result		-245 683	270 030
		Financial income and expenses			
2 665	862 549	Income from subsidiaries		0	0
98 060	88 752	Interest income from group companies	15	8 038	8 651
3 362	5 464	Other interest income		4 823	11 703
19 476	3 772	Other financial income		139 629	74 283
31 500	0	Depreciation of financial current assets		0	0
0	141	Depreciation of other financial fixed assets		0	141
44 860	62 926	Interest expense to group companies	15	1 425	668
62 390	50 299	Other interest expenses		226 424	242 544
29 952	4 621	Other financial expenses		142 736	110 496
-45 138	842 550	Financial result		-218 094	-259 212
-74 803	867 100	Result before tax		-463 778	10 818
6 024	2 286	Tax on ordinary result	12	-42 425	-21 704
-80 827	864 814	Profit for the year		-421 352	32 522
0	0	Minority share		-133 962	-5 982
0	9 100	Dividend		0	9 100
-80 827	855 714	To other equity	8	0	23 422
0	0	From other equity	8	421 352	0
-80 827	864 814	Net brought forward		-421 352	32 522

Balance sheet

Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
31.12.2015	31.12.2014		Note	31.12.2015	31.12.2014
		Fixed assets			
		Intangible assets			
199 838	204 422	Deferred tax asset	12	248 332	205 563
<u>199 838</u>	<u>204 422</u>	Total intangible assets		<u>248 332</u>	<u>205 563</u>
		Tangible fixed assets			
5 847	5 447	Buildings and land		5 847	5 447
4 597	4 121	Vessels		3 152 167	2 721 196
4 583	2 752	Equipment and other movables		5 746	5 248
0	0	Newbuilding contracts		304 677	1 232 648
<u>15 027</u>	<u>12 320</u>	Total tangible fixed assets	4	<u>3 468 437</u>	<u>3 964 539</u>
		Financial fixed assets			
403 360	299 315	Investments in subsidiaries	5	0	0
1 908 009	1 623 254	Loans to group companies	6, 11	161 362	167 433
3 044	20	Investments in shares	5	3 294	270
14 148	12 440	Other receivables	6, 9	17 917	201 032
<u>2 328 561</u>	<u>1 935 029</u>	Total financial fixed assets		<u>182 573</u>	<u>368 735</u>
<u>2 543 426</u>	<u>2 151 771</u>	Total fixed assets		<u>3 899 342</u>	<u>4 538 837</u>
		Current assets			
0	189	Inventories		12 880	5 427
		Receivables			
2 813	14 528	Trade receivables		206 920	391 391
94 122	153 673	Loans to group companies	11	5 606	53
48 276	11 251	Other receivables	12	802 958	192 269
<u>145 211</u>	<u>179 453</u>	Total receivables		<u>1 015 484</u>	<u>583 713</u>
		Investments			
0	0	Other financial instruments		350	334
<u>0</u>	<u>0</u>	Total investments		<u>350</u>	<u>334</u>
98 827	186 843	Cash and bank deposits	14	482 401	634 206
<u>244 038</u>	<u>366 485</u>	Total current assets		<u>1 511 115</u>	<u>1 223 679</u>
<u>2 787 464</u>	<u>2 518 256</u>	Total assets		<u>5 410 456</u>	<u>5 762 516</u>

Balance sheet

Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
31.12.2015	31.12.2014		Note	31.12.2015	31.12.2014
		Equity and liabilities			
		Restricted equity			
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
80 053	80 053	Total restricted equity		80 053	80 053
		Retained earnings			
1 003 442	1 084 269	Other equity	8	1 187 981	1 552 211
1 003 442	1 084 269	Total retained earnings		1 187 981	1 552 211
1 083 494	1 164 321	Total equity		1 268 034	1 632 263
0	0	Minority share		51 728	124 682
		Liabilities			
		Provisions			
		Other long term liabilities			
677 840	609 200	Bonds	10, 13	2 127 840	2 179 200
149 753	30 000	Liabilities to financial institutions	10, 13	1 588 667	1 470 676
731 576	662 126	Liabilities to subsidiaries	11	30 984	12 142
1 559 169	1 301 326	Total other long term liabilities		3 747 491	3 662 018
		Current liabilities			
7 978	4 342	Trade creditors		154 932	261 574
4 951	17 032	Liabilities to subsidiaries	11	0	0
0	0	Tax payable	12	950	11 502
11 036	8 987	Public duties payable		11 995	9 597
0	9 100	Dividends	11	0	9 100
120 836	13 148	Other short term liabilities		227 056	176 462
144 801	52 609	Total short term liabilities		394 932	468 235
1 703 970	1 353 935	Total liabilities		4 142 423	4 130 253
2 787 464	2 518 256	Total liabilities and equity		5 410 456	5 762 516

Balance sheet

Boa Offshore AS

Trondheim, 15.04.2016

The Board of Boa Offshore AS



Ole T. Bjørnevik
Chairman of the Board



Svein Sivertsen
Deputy Chairman



Oddvar Sørtømme
Board member



Georg Scheel
Board member



Eskil Bjørnevik
Board member



Siv Marita Bjørnevik
Board member



Helge Kvalvik
CEO

Consolidated Cash Flow Statement

Boa Offshore AS

Figures in 1 000 NOK

2015	2014		2015	2014
		Cash flow from operating activities		
-74 803	867 100	Profit before income taxes	-463 778	10 818
				0
-2 665	-862 549	Gain on investments in subsidiaries	0	0
-425	-356	Income tax payable	-12 452	-15 860
994	1 506	Depreciation and write-down	447 221	190 695
0	33	Gain on sale of tangible fixed assets	0	33
-728	0	Gain on sale of financial fixed assets	-728	0
31 500	141	Write-down of financial fixed assets	0	141
15 556	0	Currency gain/-loss	23 811	38 445
189	20	Changes in inventories	-7 453	-2 718
11 715	-6 349	Changes in trade receivables	184 471	-145 167
-5 525	501	Changes in other receivables	64 153	-134 072
3 636	-95	Changes in trade creditors	-106 642	-43 210
-249 719	-524 945	Changes in receivables from group companies	19 360	-32 595
46 741	969	Changes in other short-term liabilities	-10 008	89 272
-223 533	-524 024	Net cash flow from operating activities	A	137 956
		Cash flow from investing activities		
0	5 445	Sale of tangible fixed assets	0	5 445
-3 702	-5 890	Purchase of tangible fixed assets	-410 709	-806 185
-107 069	-2 190	Purchase of financial fixed assets	-3 024	0
0	-6 512	Changes in other investments	0	-9 530
-110 771	-9 147	Net cash flow from investing activities	B	-413 733
		Cash flow from financing activities		
292 975	80 000	Raised long term liabilities	527 848	1 886 854
-89 472	-15 022	Paid in long term liabilities	-455 775	-1 155 450
0	0	Changes in liabilities	0	-36 244
42 784	261 661	Group contribution	-9 100	-17 667
0	0	Paid in share capital	61 000	63 000
246 287	326 639	Net cash flow from financing activities	C	123 973
-88 016	-206 532	Net changes in cash and cash equivalents	A+B+C	-151 805
186 843	393 375	Cash and cash equivalent start at period	634 206	748 201
98 827	186 843	Cash and cash equivalents at end of period	482 402	634 206

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

	OCV vessels	Seismic vessels	Barges	Other / elimination	Total
Operating income	427 459	165 229	73 258	1 017 794	1 683 741
EBITDA	237 883	84 883	6 904	-128 133	201 537
EBIT	177 211	57 636	-17 830	-462 701	-245 683

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

	Parent company 2015	Group 2014	Group 2015	2014
Salaries	208 612	161 916	271 037	208 274
Employer's national insurance contribution	15 799	15 823	16 702	16 641
Pension contribution	5 074	4 221	5 287	4 371
Other personnel expenses	10 336	6 548	10 430	6 701
Hired in staff	2 706	579	46 263	31 611
Total personnel costs	242 528	189 087	349 719	267 597

Number of man-labour years employed	342	297	411	374
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Management remuneration		Salary	Pension cost	Other
CEO		6 147	23	316
Board of Directors	parent company			150
	group			150

Loan and securities to shareholders, management personnel and employees

	Amount	Interest rate	Securities
Employees	3 875	0 - 4 %	Security in fixed assets
Related parties	5 304	4 %	Pledged shares

Auditor

	Parent company	Group
Audit fee for 2015 to Deloitte AS was NOK	271	1182
Fee for audit related services was NOK	106	194
Fee paid to Deloitte Advokatfirma AS was NOK	301	301

Note 4 Fixed assets**Parent company**

	Vessels	Periodic maintenance	Property	Property, Vehicles	Sum
Acquisition cost on 01.01	9 000	426	5 447	3 523	18 396
Transfer	1 588			-1 588	0
Additions			400	3 301	3 701
Acquisition cost on 31.12	10 588	426	5 847	5 237	22 097
Accumulated depreciation 01.01	5 194	111	0	771	6 076
Transfer	475			-475	0
Depreciation this year	521	111		362	994
Accum. depreciation 31.12.	6 190	223	0	658	7 070
Book value	4 398	203	5 847	4 578	15 027

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 395

Group

	Vessels	Periodic maintenance	Ships under construction	Buildings, land and equipment	Sum
Acquisition cost on 01.01	3 486 147	228 552	1 253 313	21 538	4 989 551
Additions	692 195	190	-1 118 235	-1 584	-427 434
Completed vessels	17 886	51 831	336 985	4 006	410 709
Disposals	-1 484	1 471	-30 679	0	-30 692
Acquisition cost on 31.12	4 194 744	282 044	441 385	23 960	4 942 133
Accumulated depreciation 01.01	915 431	78 073	20 665	10 843	1 025 011
Acc. depreciation disposals	469	1 470		-475	1 464
Depreciation this year	132 260	47 918		1 999	182 178
Write-down this year	149 000		116 043	0	265 043
Accum. depreciation 31.12.	1 197 160	127 461	136 708	12 368	1 473 696
Book value	2 997 584	154 584	304 677	11 592	3 468 437

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

Economic life has been extended to 27 years for offshore vessels and tugs, and to 30 years for barges.

Annual lease amount on fixed assets not included on the balance sheet 311 352

Boa Marine Services Inc has per. 31.12.15 canceled the contract for one of their ships. Remaining lease on this contract amounts to 263 MNOK.

Note 5 Shareholdings in subsidiaries, associated companies and joint ventures

Group	Year of acquisition	Office address	Share	Equity Dec. 31 2015	Results 2015
Subsidiaries (Norwegian)					
Boa Shipping AS		2000 Trondheim	100 %	53 780	-257 955
Boa OCV AS		2002 Trondheim	100 %	325 291	131 215
Boa SBL AS		2008 Trondheim	100 %	252 141	39 669
T.A. Kittilsen Shipping AS		1998 Brevik	100 %	9 039	1 226
Nye Kystlink AS		2012 Trondheim	100 %	-5 331	-2 158
Det Nordenfjeldske Dampskibsselskab A		2012 Trondheim	77 %	5 419	-24
Tier subsidiaries (Norwegian)					
Boa Barges AS		2008 Trondheim	100 %	278 595	-37 008
Boa PSV AS		2011 Trondheim	100 %	41 686	-13 735
Boa IMR AS		2014 Trondheim	63 %	94 856	-70 185
Boa Tugs AS		2008 Trondheim	100 %	86 979	-20 722
NFDS Offshore 1 AS		2012 Trondheim	77 %	100 482	-142 658
NFDS Offshore 2 AS		2014 Trondheim	78 %	128 204	-153 338
Subsidiaries (foreign)					
Boa Marine S.A		2006 Gdynia i Polen	100 %	58	48
Rederi AB		2005 Sverige	100 %	1 093	-30
Boa Tugs AB		2011 Sverige	100 %	69	-79
Boa Offshore LLC		2011 USA	100 %	-10 469	228
Tier subsidiaries (foreign)					
Boa Marine Services Inc.		2009 USA	100 %	-122 927	-155 274
Boa Barges LLC		2015 USA	100 %	-454	-532

Fixed assets**Parent company**

Company	Share	Acq. costs	Book value	Market value
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
Åfjord Sparebank		3 024	3 024	3 024
Sum		3 184	3 044	3 044

Group	Share	Acq. costs	Book value	Market value
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		3 024	3 024	3 024
Sum		3 434	3 294	3 294

Note 6 Long-term receivables

	Parent company		Group	
	2015	2014	2015	2014
Receivables from group companies	1 908 009	1 623 254	161 362	167 433
Other long-term receivables	14 148	12 440	17 917	201 032
Sum	1 922 157	1 635 694	179 279	368 465

Note 7 Shareholder information

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

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

The company has only one class of shares.

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		SUM
			Other equity		
Equity 01.01.	2 500	74 447	3 106	1 084 269	1 164 322
Profit of the year				-80 827	-80 827
Equity 31.12.	2 500	74 447	3 106	1 003 442	1 083 494

Group	Share capital	Share premium	Other restricted equity		SUM
			Other equity		
Equity 01.01.	2 500	74 447	3 106	1 552 211	1 632 264
Paid in capital				61 000	61 000
Profit of the year				-421 352	-421 352
Conversion differences				-3 877	-3 877
Equity 31.12.	2 500	74 447	3 106	1 187 981	1 268 034

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 95 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

	2015	2014
Net present value of pension build-up this year	2 083	1054
Interest costs for pension obligation	199	270
Return on pension funds	-248	-305
Estimated deviation recorded	420	308
Administrative costs	184	154
Accrued employer's contribution	313	165
Net costs after employer's contribution	2 951	1647

Pension obligation

	2015	2014
Pension obligation	-10 495	-8 895
Pension funds (at market value)	9 344	6 539
Accrued employer's contribution	-162	-332
Deferred obligation for (losses)/profits	6 198	7 008
Net pension funds	4 885	4 318

Financial assumptions

	2015	2014
Interest rate	2,7 %	2,3 %
Expected return	3,3 %	3,2 %
Salary increase	2,5 %	2,8 %
G-regulation	2,3 %	2,5 %
Regulation of continuous pension	0,0 %	0,0 %
Employer's contribution rate	14,1 %	14,1 %
Voluntary resignation before the age of 40	0,0 %	0 %
Voluntary resignation after the age of 40	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:

	2016	2017	2018	2019	2020	→
Instalments	149 753	0	657 840	0	50 000	0

Group

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

	2016	2017	2018	2019	2020	→
Instalments	328 590	243 060	1 190 984	1 053 822	430 597	499 454

Note 11 Outstanding accounts with companies within the same group

Parent company	Long term liabilities		Short term liabilities	
	2015	2014	2015	2014
Boa Barges AS	52 794	50 162	13	33
Boa Eiendom AS	30 984			
Boa Marine Services Inc.		5 537	918	732
Boa Marine Services SA.			119	450
Boa OCV AS	539 681	505 113		6 167
Boa Offshore LLC			2 236	
Boa SBL AS	108 137	101 287	925	4 589
Boa Shipping AS				900
Boa Tugs AB		16		
Boa Tugs AS			9	
NFDS Offshore 1 AS			712	4 003
NFDS Offshore 2 AS			20	
Rederi AB	-20	12		
T.A.Kittilsen Shipping AS				157
Taubåtkompaniet AS				9 100
Sum	731 576	662 126	4 951	26 132

	Long term receivables		Short term receivables	
	2015	2014	2015	2014
Boa Barges AS			17 770	26 518
Boa Barges LLC			130	
Boa Eiendom AS	12 010	26 600		53
Boa IMR AS	9 178			
Boa Investment AS	9 631	9 378	3 827	
Boa Marine Services Inc			918	26 906
Boa OCV AS			8 070	53 953
Boa Offshore LLC	26 581	26 581	1 099	7 215
Boa PSV AS	303 800	127 058	3 360	
Boa SBL AS	65 927	62 855	4 021	2 583
Boa Shipping AS	1 100 638	1 112 101	200	4 015
Boa Tugs AB	314	281	5	
Boa Tugs AS	48 859	64 476	12 537	-476
Helitrans AS			1 751	
NFDS AS	74	64	5	
NFDS Offshore 1 AS	100 000	42 368	21 168	21 223
NFDS Offshore 2 AS	63 589	168	16 366	
Nye Kystlink AS	6 562	4 276		
T. A. Kittilsen Shipping AS	21 126	15 593	2 867	11 684
Taubåtkompaniet AS	139 721	131 455	28	
Sum	1 908 009	1 623 254	94 122	153 674

Group	Long term liabilities		Short term liabilities	
	2015	2014	2015	2014
Boa Eiendom AS	12 010	26 600		53
Boa Investment AS	9 631	9 378	3 827	
Helitrans AS			1 751	
Taubåtkompaniet AS	139 721	131 455	28	
Sum	161 362	167 433	5 606	53

Group	Long term debt		Short term debt	
	2015	2014	2015	2014
Boa Eiendom AS	30 984			
Taubåtkompaniet AS		12 142		9 100
Sum	30 984	12 142	0	9 100

Note 12 Tax

Parent company		
This years tax:	2015	2014
Changes in deferred tax	4 584	2 284
Tax payable US	0	2
Tax previous years	1 440	0
This years tax expense	6 024	2 286
This years tax basis:		
	2015	2014
Result before tax	-74 803	867 100
Permanent differences	30 208	-862 199
Changes in timing differences	-14 400	-18 155
Group contribution	2 665	4 549
This years tax basis	-56 330	-8 705
Tax payable in balance:		
	2015	2014
Tax paid in US	0	-354
SkatteFUNN tax deduction	0	-1 440
Tax payable in balance	0	-1 794
Temporary differences:		
	2015	2014
Tangible fixed assets	1 818	2 005
Profit and loss account	-56 002	-70 003
Short term liabilities	4 969	4 383
Tax losses carried forward	-750 137	-693 505
Net temporary differences	-799 352	-757 120
Net deferred tax	-199 838	-204 422

Note 12 Tax, continuing.

Group:		
This years tax:	2015	2014
Changes in deferred tax	-42 769	-28 228
Tax payable Norway	793	11 440
Tonnage tax	157	154
Tax previous years	-233	703
Tax payable US	-372	-5 774
This years tax expense	-42 425	-21 704
This years tax basis, ordinary taxation:	2015	2014
Result before tax	-463 156	866 580
Permanent differences	271 044	-862 282
Changes in timing differences	-20 450	-17 277
This years tax basis	-212 562	-12 980
Calculation of tax base for the year shipping taxation:	2015	2014
Profit and loss account	2 937	42 371
Financial result	-54 034	-85 416
Loss carried forward used	0	-43 138
Tax base for the year	-51 097	-86 183
Tax payable in balance:	2015	2014
Calculated tonnage tax	157	154
Taxes payable	793	11 348
Tax payable in balance	950	11 502
Temporary differences:	2015	2014
Tangible fixed assets	-81 795	5 108
Receivables	-47 891	-1 497
Profit and loss account	79 982	99 977
Short term liabilities	4 969	4 383
Tax losses carried forward	-948 593	-869 315
Net temporary differences	-993 329	-761 345
Net deferred tax	-248 332	-205 563

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

Note 13 Pledges and guarantees, etc.

Parent company:		
Book debt secured by pledge:	2015	2014
Debts to credit institutions	149 753	30 000
Accrued interest	871	0
Total	150 624	30 000
Book value of pledged assets:		
	2015	2014
Cash deposits	98 827	0
Money Claim	0	30 000
Total	98 827	30 000
Book value of assets mortgaged for debt for group companies:		
	2015	2014
Shares	280 344	280 344
Total	280 344	280 344
Guarantee liabilities	652 740	776 876

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. Minority shareholders in NFDS Offshore 1 AS has a put option against Boa Offshore AS, limited to 63 MNOK.

Group:		
Book debt secured by pledge:	2015	2014
Debts to credit institutions	3 034 103	3 035 739
Accrued interest	28 434	21 652
Total	3 062 536	3 057 391
Book value of pledged assets:		
	2015	2014
Cash deposits	420 103	253 106
Accounts receivables	39 822	138 352
Vessels	3 378 027	3 646 902
Shares/bonds	1 032 990	1 125 895
Group receivables	647 819	1 033 230
Other	20 706	74 334
Total	5 539 467	6 271 818
Guarantee liabilities	652 740	776 876

Note 14 Bank deposits

Restricted deposits	Parent company		Group	
	2015	2014	2015	2014
Employees' tax deduction	6 784	5 531	7 234	5 982
Other restricted deposits	53 221	76 859	53 221	153 536
Total	60 005	82 390	60 455	159 518

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:		
Operating transactions:	2015	2014
Income		
- Mother company	18	18
- Subsidiary	283 847	224 892
- Other group companies	1 640	1 013
Total revenue from operating transactions	285 505	225 923
Services		
- Mother company		
- Subsidiary	6 301	1 603
- Other group companies	10	219
Total expenses from operating transactions	6 310	1 822
Investing transactions:		
Property purchase		
- Other group companies	0	4 000
Total investing transactions	0	4 000
Finance transactions:		
Group contribution and dividend		
- Subsidiary	2 665	862 549
Interest income		
- Mother company	6 323	7 343
- Subsidiary	76 208	67 462
- Other group companies	1 715	1 308
Income from guarantee commission		
- Subsidiary	13 815	12 639
Total income from finance transactions	100 725	951 301
Interest expense		
- Mother company		
- Subsidiary	43 876	62 926
- Other group company	984	668
Guarantee commission		
- Mother company	0	26
Total expenses from finance transactions	44 860	63 620
Dividend		
- Mother company	0	14 600
Total dividend	0	14 600

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:**

Operating transactions:	2015	2014
Income		
- Mother company	18	18
- Other group companies	1 640	1 013
Total revenue from operating transactions	1 658	1 031
Services		
- Other group companies	10	219
Total expenses from operating transactions	10	219
Investing transactions:		
Property purchase		
- Other group companies	0	4 000
Total investing transactions	0	4 000
Finance transactions:		
Interest income		
- Mother company	6 323	7 343
- Other group companies	1 715	1 308
Total income from finance transactions	8 038	8 651
Interest expense		
- Other group companies	984	668
Guaratee commission		
- Mother company	0	26
Total expenses from finance transactions	984	694
Dividend		
- Mother company	0	14 600
Total dividend	0	14 600

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.

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Boa Offshore AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Boa Offshore AS, which comprise the financial statements of the parent company, showing a loss of NOK 80.827.000, and the financial statements of the group, showing a loss of NOK 421.352.000. The financial statements of the parent company and the financial statements of the group comprise 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 and the Managing Director's 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 Offshore AS and of the group 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 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, 15. april 2016
Deloitte AS

Jon Bjørnaas
State Authorised Public Accountant (Norway)

Translation has been made for information purposes only