



BOA

Annual Report Boa SBL AS 2015

Org.nr. 990 899 576



BOA SBL AS

BOARD'S ANNUAL REPORT FOR 2015

Nature and location of activities:

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

Work environment:

The company does not have any employees. Seafaring personnel and management services are hired from Boa Offshore AS. Boa Offshore AS has been responsible for the management and administration of the company. The Board is of the opinion that the work environment on board the vessels are good. Absence due to sick leave on board the vessels has been low and there was no serious accidents on board in 2015.

Equal opportunity:

The work force is dominated by men, but there are several positions filled by women. It has proven difficult to find women with the required qualifications and experience to apply for work in a maritime-related job on this type of vessel.

Health, safety, the environment and quality:

The goal of the company's health, safety, environment and quality policy is embedded in the quality control system of Boa Offshore AS. There were no serious personal injuries among hired personnel in 2015.

External environment:

The operation of a vessel includes a certain risk for spillage of marine diesel oil products. However, no abnormal spillage has been recorded from the vessels in 2015 that follow laid down procedures when bunkering of diesel and other potential contaminating liquids.

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

Continued operation:

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

Review of annual accounts:

Operating profit for the company in 2015 was MNOK 57.6 (MNOK 26.5).

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

Annual net profit was MNOK 39.7 (MNOK 5.0).

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

Financial risk:

Market risk:

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

Credit risk:

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

Liquidity risk:

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

Appropriation of profits:

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

Transfer to other equity: MNOK 39.7

Events after the balance sheet date:

No events took place after the end of the financial year that would affect the evaluation of the company's profit and loss account or balance sheet.

Future development:

The short to medium term outlook for the seismic sector remains challenging due to the fall in oil prices from mid 2014. Exploration seems to be harder hit than the Development part of the E&P value chain when oil companies scale back their E&P investment budgets. The long-term outlook for the offshore seismic sector is still considered to be prospective as global demand for oil and gas continue to grow, and offshore seismic will play an important role in finding new reserves and maintain producing reserves.

Boa Thalassa and Boa Galatea have been working for EMGS since they were delivered from the yard in 2008 and 2009, respectively. Boa Thalassa is on a firm contract with EMGS until April 2017, whereas the Boa Galatea ended its firm contract in January 2016 and is now idle. EMGS has seen a significant deterioration in sales over the recent quarters along with the industry. A potential new contract for Galatea with EMGS depends on when the oil price and the oil and gas industry turn again. In addition to the EM seismic segment with EMGS, the company sees opportunities for the SBL vessels within alternative segments such as accommodation support, Subsea IMR and Survey, lightweight construction and in the offshore wind-farm segment. Some of these segments have deteriorated in line with the industry, others still offer opportunities.

Trondheim, 07.04.2016



Helge Kvalvik
Chairman of the Board



Ole T. Bjørnevik
Member of the Board



Rune A. Juliussen
Member of the Board

Income Statement

Boa SBL AS

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

Balance sheet
Boa SBL AS

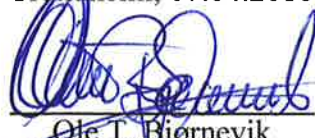
| Assets | Notes | 2015 | 2014 |
|--------------------------------|-------|---------------------------|---------------------------|
| Fixed assets | | | |
| Intangible fixed assets | | | |
| Deferred tax asset | 9 | <u>11 330 398</u> | <u>12 182 834</u> |
| Total intangible assets | | <u>11 330 398</u>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


Balance sheet
Boa SBL AS

| Equity | Notes | 2015 | 2014 |
|--------------------------------------|--------------|--------------------|--------------------|
| Restricted equity | | | |
| Share capital | 5, 6 | 200 100 000 | 200 100 000 |
| Share premium reserve | 6 | 14 000 | 14 000 |
| Total restricted equity | | <u>200 114 000</u> | <u>200 114 000</u> |
| Retained earnings | | | |
| Other equity | 6 | 52 027 422 | 12 358 669 |
| Total retained earnings | | <u>52 027 422</u> | <u>12 358 669</u> |
| Total equity | | <u>252 141 422</u> | <u>212 472 669</u> |
| Liabilities | | | |
| Other long term liabilities | | | |
| Bonds | 7, 10 | 350 000 000 | 370 000 000 |
| Liabilities to group companies | 8 | 65 926 679 | 62 854 903 |
| Total of other long term liabilities | | <u>415 926 679</u> | <u>432 854 903</u> |
| Current liabilities | | | |
| Trade creditors | | 6 660 204 | 3 455 610 |
| Liabilities to group companies | 8 | 4 055 735 | 2 685 873 |
| Other short term liabilities | | 6 453 308 | 4 989 030 |
| Total short term liabilities | | <u>17 169 246</u> | <u>11 130 513</u> |
| Total liabilities | | <u>433 095 925</u> | <u>443 985 416</u> |
| Total equity and liabilities | | <u>685 237 347</u> | <u>656 458 085</u> |


Helge Kvalvik
chairman of the board

Trondheim, 07.04.2016


Ole T. Bjørnevik
member of the board


Rune A Juliussen
member of the board

Notes to 2015 annual accounts

Note 1 Accounting principles

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

Principle rule for recording and categorising assets and debts

Assets intended for long-term ownership or usage are categorised as fixed assets. Other assets are categorised as current assets. Debts to be paid back within a year are also categorised as current assets. Similar criteria are used to categorise short-term and long-term debts.

Fixed assets are valued at purchase cost, and depreciated over the economic lifetime. If the actual value of the fixed assets is lower than the booked value and the decrease in value is not expected to be temporary, devaluation to the actual value is carried out. Fixed assets are depreciated linearly.

Current assets are recorded at the lowest of historical cost and net realisable value.

Other long-term and short-term debts are recognised at nominal value.

Assets and debt in foreign currency

Money items in foreign currency are converted at the rate applicable on the balance sheet date.

Receivables

Accounts receivable and other receivables are entered at nominal value after deducting the provision for expected losses.

The provision for losses is based on an individual assessment of the separate claims.

Bank deposits, cash, etc.

This category includes cash, bank deposits and other forms of payment with an expiration date that is shorter than three months from purchase.

Revenue

Revenues from the sale of services are recognised in the income statement according to the project's level of completion. Revenues are booked at the net sales value at the time of the transaction.

Cost

As a general rule, costs are booked in the same period as the corresponding income. When there is no clear correlation between costs and income, the allocation of costs is made as a "best effort" appraisal.

Taxes

Tax expenses are grouped with operating profit before tax. Taxes are recognised directly in equity to the extent that they relate to equity transactions.

The company entered the Norwegian shipowning tax regime as of 01.01.2008.

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

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

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

Notes to 2015 annual accounts

Note 2 Operating income

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

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

The company does not have any personnel. Administrative services are hired from Boa Offshore AS. The Board and the general manager do not receive a salary or other compensation.

Auditor

The fee paid in 2015 to Deloitte AS for audit was NOK 43 000.

Note 4 Fixed assets

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

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

Note 5 Share capital and shareholder information

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

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

The company has only one class of shares.

The company is a part of the group Boa Offshore AS. Boa Offshore AS is a part of the group Taubåtkompaniet AS. Both of the groups financial statements can be distributed from the office in Trondheim.

Notes to 2015 annual accounts

Note 6 Equity

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

Note 7 Long term debt

| | 2016 | 2017 | 2018 |
|-------------|--------|--------|---------|
| Instalments | 20 000 | 20 000 | 310 000 |

Note 8 Outstanding accounts with companies within the same group

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

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

Note 9 Tax

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

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

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

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

Notes to 2015 annual accounts

Note 10 Secured debt

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

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

Note 11 Intercompany transactions

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

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

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

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

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

Cash flow statement

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

Translation from the original Norwegian version

To the Annual Shareholders' Meeting of Boa SBL AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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

The Board of Directors Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Boa SBL AS as at 31.12.2015, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Report on Other Legal and Regulatory Requirements*Opinion on the Board of Directors' report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 15. april 2016
Deloitte AS

Jon Bjørnaas
State Authorised Public Accountant (Norway)

Translation has been made for information purposes only