



BOA

Annual Report

Taubåtkompaniet AS

Group

2017

Org.nr. 989 023 268



TAUBÅTKOMPANIET AS

GROUP

BOARD'S ANNUAL REPORT FOR 2017

Nature and location of activities:

Taubåtkompaniet AS is the parent company of the Taubåtkompaniet Group. 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 supply vessels within construction and oil exploration, operating worldwide. The group also comprises property and helicopter activity. 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 a woman.

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 is 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 -32.1, compared to MNOK -654.1 in 2016.

Net financial items were MNOK -203.4, compared to MNOK -143.1 in 2016.

The tax expenses for 2017 were MNOK 62.1.

The final result was a loss of MNOK 297.5.

Total year end assets were MNOK 3 372,5, compared to MNOK 3 830.6 the previous year. The percentage of shareholder's equity on December 31, 2017 was -3.0 %, compared with 5.6 % 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.

The company's main shareholder has 31.12.17 a loan par value of 41,958,562. The loan was written down at the end of the year with a total of 32,000,000.

This loan was first granted in 2014 with an amount of NOK 20 million, later in 2015 increased to 25 million and again in September 2016 up to a total amount / limit of 30 million. At the various times, reassurance was covered under the Companies Act's provisions for such loans to related parties. Since the amount per 31.12.17 has been reached a total of 42 million, the loan is therefore considered to be in violation of The Companies Act.

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 2 934 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 373 million. The total of outstanding bonds as of yearend was NOK 1 899 million where mNOK 1 565 is interest bearing. The group has in addition loan to financial institutions of mNOK 1 397 with various maturities between 2020 and 2027. If the company fails to repay or refinance its loan facility additional equity financing may be required.

Appropriation of profits:

The year-end result of the parent company, Taubåtkompaniet AS, was MNOK 8.8. The Board proposes the following distribution:

Transferred to other equity	MNOK	5.7
Dividends	MNOK	3.1

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:

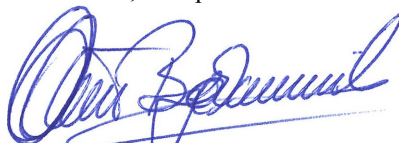
The outlook for Boa Offshore continues to be a mixed picture. Boa Offshore's Barge and Tug segments are exposed to more industries and demand drivers than oil and gas. The Barge business currently holds a relatively robust backlog, of which a significant part is non-oil and gas related. The activity 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 assisting other contracts in the Group.

For Boa OCV, Boa Sub C ended its contract in the North Sea in December and has since completed the 10-year class survey. In April, Boa Sub C starts a five months contract with further a total of one month option. Boa Deep C has entered into a new 6+ 6 months contract in West Africa and commenced work in January. In Boa SBL, Boa Thalassa is working for EMGS and Boa Galatea remains laid up.

Trondheim, 16 April 2018



Ole T. Bjørnevik

Chairman of the Board

Income statement

Taubåtkompaniet AS

Figures in 1 000 NOK

Parent company				Group		
2017	2016	Operating income and operating expenses	Note	2017	2016	
0	0	Operating income	2	639 852	827 822	
5 000	13 400	Other operating income	2	44 163	70 291	
5 000	13 400	Total operating income		684 015	898 113	
1 838	1 829	Payroll expenses	3	205 774	315 342	
0	0	Depreciation	4	172 432	196 013	
0	0	Write-down fixed assets	4	39 286	581 947	
1 262	616	Other operating expenses	3, 19	298 595	458 950	
3 100	2 446	Total operating expenses		716 086	1 552 252	
1 900	10 954	Operating result		-32 072	-654 139	
Financial income and expenses						
0	0	Income from subsidiaries		16 551	0	
0	0	Income from associated companies	5	36 480	5 428	
1 412	1 733	Interest income from subsidiaries	19	0	0	
237	196	Interest income		2 635	124 489	
25 000	0	Other financial income		48 828	65 159	
0	0	Write-down financial fixed assets		0	472	
7 527	6 881	Interest expenses to subsidiaries	19	0	0	
0	0	Interest expenses		197 074	219 445	
18	1	Other financial expenses		110 809	118 218	
19 105	-4 953	Financial result		-203 388	-143 059	
21 004	6 002	Result before tax		-235 460	-797 198	
12 240	2 010	Tax on ordinary result	16	62 088	193 525	
8 764	3 991	Profit for the year		-297 548	-990 723	
0	0	Minority share		-2 821	-16 195	
Brought forward						
3 100	3 679	Dividend	11	3 100	3 679	
5 664	312	To other equity	11	0	0	
0	0	From other equity	11	300 648	994 402	
8 764	3 991	Net brought forward		-297 548	-990 723	

Balance sheet

Taubåtkompaniet AS

Figures in 1 000 NOK

Parent company				Group	
2017	2016	Assets	Note	2017	2016
		Fixed assets			
		Intangible assets			
0	0	Concessions, patents etc	4	1 500	1 500
0	12 240	Deferred tax asset	16	10 722	68 768
<u>0</u>	<u>12 240</u>	Total intangible assets		<u>12 222</u>	<u>70 268</u>
		Tangible fixed assets			
0	0	Buildings and land	4	3 579	8 905
0	0	Pictures and fitting etc.	4	21 226	22 829
0	0	Vessels and barges	4, 17	2 497 771	2 700 391
0	0	Helicopters	4, 17	103 493	125 383
<u>0</u>	<u>0</u>	Total tangible fixed assets		<u>2 626 069</u>	<u>2 857 507</u>
		Financial fixed assets			
112 159	112 159	Investments in subsidiaries	5	0	0
18 613	28 850	Loans to group companies	15	0	0
0	0	Investments in associated comp. and joint ventures	5	15	15 610
0	0	Loans to associated companies and joint ventures	8	1 585	1 485
0	0	Investments in shares	6	1 772	1 933
0	0	Other receivables	3, 8, 12	16 109	28 996
<u>130 772</u>	<u>141 009</u>	Total financial fixed assets		<u>19 481</u>	<u>48 024</u>
<u>130 772</u>	<u>153 249</u>	Total fixed assets		<u>2 657 772</u>	<u>2 975 799</u>
		Current assets			
0	0	Inventories	9, 17	6 162	15 114
		Receivables			
0	0	Trade receivables	7, 17	179 604	228 751
25 000	1 944	Trade receivables to subsidiaries	15, 17	0	0
4 964	4 664	Other receivables		155 561	238 595
<u>29 964</u>	<u>6 608</u>	Total receivables		<u>335 165</u>	<u>467 345</u>
		Investments			
0	0	Bonds		362	357
<u>0</u>	<u>0</u>	Total investments		<u>362</u>	<u>357</u>
35	329	Cash and bank deposits	17, 18	373 049	371 952
<u>30 000</u>	<u>6 937</u>	Total current assets		<u>714 738</u>	<u>854 768</u>
<u>160 772</u>	<u>160 187</u>	Total assets		<u>3 372 510</u>	<u>3 830 568</u>

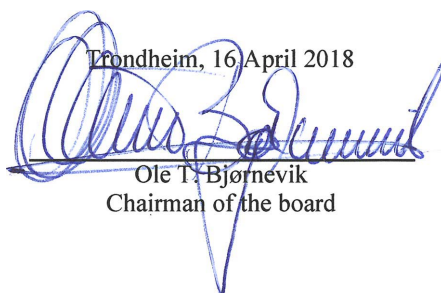
Balance sheet

Taubåtkompaniet AS

Figures in 1 000 NOK

Parent company					Group		
2017	2016	Equity and liabilities	Note	2017	2016		
		Restricted equity					
1 250	1 250	Share capital	10, 11	1 250	1 250		
4 080	4 080	Share premium	11	4 080	4 080		
5 330	5 330	Total restricted equity		5 330	5 330		
		Retained earnings					
6 248	584	Other equity	11	-105 901	208 182		
6 248	584	Total retained earnings		-105 901	208 182		
11 578	5 914	Total equity		-100 571	213 512		
0	0	Minority share		-7 280	-4 312		
		Liabilities					
		Other long term liabilities					
0	0	Bonds	13, 17	1 898 851	1 858 560		
0	0	Liabilities to financial institutions	13, 17	1 396 641	1 527 231		
140 467	148 732	Liabilities to subsidiaries	15	0	0		
140 467	148 732	Total other long term liabilities		3 295 492	3 385 791		
		Current liabilities					
1 200	713	Trade creditors		60 100	85 349		
0	0	Tax payable	16	647	776		
0	0	Public duties payable		7 502	13 201		
3 100	3 679	Dividends		3 100	3 679		
3 679	301	Other short term liabilities		106 239	128 260		
8 726	5 540	Total short term liabilities		177 589	231 265		
149 194	154 273	Total liabilities		3 473 081	3 617 056		
160 772	160 187	Total liabilities and equity		3 372 510	3 830 568		

Trondheim, 16 April 2018



Ole T. Bjørnevik
Chairman of the board

Taubåtkompaniet AS - group

Cash flow statement

Figures in 1 000 NOK

Parent company			Group		
2016	2017	Cash flow from operating activities	2017	2016	
6 002	21 004	Profit before income taxes	-235 460	-797 198	
0	0	Gain on investments in associated companies	-36 480	-5 428	
0	0	Gain on investments in subsidiaries	-16 551	0	
0	0	Payment in kind bonds (PIK bonds)	143 870	0	
0	0	Income tax payable	-3 687	-2 169	
0	0	Depreciation and write-down	211 718	777 960	
0	0	Gain on sale of tangible fixed assets	-50 011	4 933	
0	0	Gain on sale of financial fixed assets	-6 068	90	
0	0	Write-down financial fixed assets	23 000	0	
0	0	Currency gain/-loss	2 756	0	
0	0	Changes in inventories	8 952	7 168	
0	0	Changes in trade receivables	49 146	-14 834	
-777	-3 980	Changes in other receivables	29 863	632 441	
713	487	Changes in trade creditors	-25 248	-77 823	
4 036	-21 184	Changes in receivables from subsidiaries	0	0	
301	3 379	Changes in other short-term liabilities	-8 848	-49 905	
10 275	-294	Net cash flow from operating activities	A	86 952	475 235
Cash flow from investing activities					
Investing activities					
0	0	Sale of tangible fixed assets	92 346	10 701	
0	0	Purchase of tangible fixed assets	-20 940	-107 105	
0	0	Sale of financial fixed assets	88 811	960	
0	0	Purchase of financial fixed assets	-5 571	-58 000	
0	0	Changes in other investments	0	-8	
0	0	Net cash flow from investing activities	B	154 646	-153 452
Cash flow from financing activities					
0	0	Raised long term liabilities	0	42 909	
0	0	Paid in long term liabilities	-240 502	-483 971	
-10 000	0	Dividends	0	-10 000	
50	0	Paid in equity	0	50	
-9 950	0	Net cash flow from financing activities	C	-240 502	-451 012
325	-294	Net changes in cash and cash equivalents	A+B+C	1 096	-129 228
4	329	Cash and cash equivalent at 01.01		371 952	501 180
329	36	Cash and cash equivalents at 31.12		373 048	371 952

Note 1 Accounting principles

The financial statement have been prepared in accordance with the Norwegian Accounting Act of 1998 and Generally Accepted Accounting Principles in Norway.

Consolidation principles

The consolidated financial statement comprises Taubåtkompaniet 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. Accounts receivable that mature within one year are 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 valued 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

Liquid funds and debt in foreign currency are converted to 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.

Inventories

Inventories are recognised at the lowest of purchase cost and net sales value.

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.

Bank deposits, cash, etc includes cash, bank deposits and other forms of payment which mature less than three months from the acquisition date.

Revenue

On sale of goods:

Revenues from the sale of goods are recognised in the income statement once delivery has taken place and most of the risk and control has been transferred to the customer, normally on delivery to the customer. Revenues are booked at the net sales value at the time of the transaction.

On sale of services:

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.

Pension

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.

Tax expenses consist of tax payable (tax on financial income for the year) and changes in deferred taxes. Tax expenses are divided between ordinary returns and returns from extraordinary items according to the tax base. Deferred tax and deferred tax assets are presented net in the balance sheet.

Miscellaneous

All numbers are presented in 1 000 NOK.

Note 2 Revenues**Group**

Per business area	2017	2016
Shipping activities	645 159	795 822
Helicopter/planes	38 856	102 291
Total	684 015	898 113

Note 3 Personnel expenses, number of employees, employee loans, etc.**Group**

	2017	2016
Salaries	168 032	248 740
Employer's national insurance contribution	11 933	14 352
Pension contribution	6 391	8 087
Other personnel expenses	6 001	10 855
Hired in staff	13 416	33 309
Total personnel costs	205 773	315 343

Number of man-labour years employed	292	395
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Management remuneration	Salary	Other
CEO	373	17
Board of Directors		342

Loan and securities to shareholders, management personnel and employees

	Amount	Interest rate	Securities
Employees	7 160	0 - 4 %	Real estate/shares
Owners	46 923	0 - 4 %	Real estate/shares

Auditor	Group	Parent company
Deloitte, audit	1 125	40
Deloitte, other services	312	0
Deloitte, lawyer	14	0
Total	1 451	40

The company's main shareholder has 31.12.17 a loan par value of NOK 41,958,562. The loan was written down 31.12.17 with an amount of MNOK 32 and with the remaining balance of 9,958,562-. Reference is also made to further comments regarding this loan in the company's annual report.

Note 4 Fixed assets**Group****Intangible assets**

Acc. cost on Jan. 1	1 000
Additions	500
Disposals	0
Acc. cost on Dec. 31	1 500

Acc. depreciation on Jan. 1	0
Depreciation current year	0
Write-down current year	0
Acc. depreciation on Dec. 31	0

Book value on Dec. 31	1 500
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	Vessels and barges	Helicopters	Fictures and fitting	Property	Total
Acc. cost on Jan. 1	4 861 249	147 221	33 792	18 030	5 060 292
Additions	21 210	0	6 699	50	27 958
Disposals	-43 397	-28 248	-16 716	-12 756	-101 117
Acc. cost on Dec. 31	4 839 062	118 973	23 774	5 323	4 987 133
Acc. depreciation on Jan. 1	2 160 859	21 840	10 962	9 125	2 202 785
Acc. depreciation disposals	-22 802	-11 835	-11 050	-7 752	-53 438
Depreciation current year	164 763	4 661	2 636	372	172 431
Write-down current year	38 471	815	0	0	39 286
Acc. depreciation on Dec. 31	2 341 291	15 480	2 549	1 744	2 361 064
Book value on Dec. 31	2 497 771	103 493	21 226	3 579	2 626 069

Economic life	27-30 years	8 - 10 years	3 - 6 years	20 years
Depreciation schedule	Linear	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**Group****Subsidiaries (Norwegian)**

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
Det Nordenfjeldske Dampskibsselskab AS	2006	Trondheim	100 %	23 259	5 018
Boa Eiendom AS	2000	Trondheim	100 %	19 761	38 042
Nordenfjeldske Luftfart AS	2006	Trondheim	100 %	50 800	15 304
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

Subsidiaries (foreign)

Rederi AB	2005	Sweden	100 %	954	-40
Boa Marine S.A	2006	Poland	100 %	194	149
Boa Offshore LLC	2008	USA	100 %	-25 190	-13 945
Boa Tugs AB	2011	Sweden	100 %	9	-117
Boa Barges LLC	2015	USA	100 %	403	896
Boa Marine Management LLC	2016	USA	100 %	1 345	1 295
Boa Marine LLC	2016	USA	100 %	2 481	2 387
Speedlink SP. Z O.O.	2016	Poland	100 %	24	8

Associated companies

Royal Garden Invest AS	2003	Trondheim	25 %	414	2 230
Fremo Næringspark AS	2007	Trondheim	28 %	15 585	300

Associated companies and joint ventures are valued in accordance with the equity method in the consolidated accounts.

Associated companies

	Perpetual AS 50 %	Fremo Nærings-park AS 28 %	Royal Garden Invest AS 25 %	KS Royal Garden Invest 22,5 %	Total
Acquisition costs	15	4 800	25	8 775	13 615
Book value Jan. 1	15	4 286	0	11 324	15 610
Share of current year result	0	0	0	4 601	4 601
Additions/disposals	0	-4 286	0	-15 925	-20 211
Book value Dec. 31	15	0	0	0	15

	Year result	Book value
Associated companies this year result	4 601	
Associated companies loss from sale	31 878	
Total	36 480	15

Note 6 Other shares and bonds

Group Company	Share	Acq. costs	Book value	Market value
Midnor Bestik	0,5 %	10	10	10
Åfjord Sparebank		1 974	1 502	1 502
EMGS ASA		135	4	4
Nio Inc		10	0	0
Åfjord Utvikling AS	3,0 %	6	6	6
Trondheim Maritime Senter AS	12,5 %	161	161	0
Taklift AS	10,2 %	250	250	250
Total		2 546	1 933	1 772

Note 7 Accounts receivable

The group's accounts receivable are recorded at nominal value, reduced by the provision for bad debts by NOK 70 625 000,-.

Note 8 Long-term receivables

Group	2017	2016
Receivables against associated companies	1 585	1 485
Other long-term receivables	16 109	28 996

Note 9 Inventory

The bunker inventory was scanned on December 31, 2017. Inventory is valued at the lowest of purchase cost and bunker market price on the balance sheet date.

Note 10 Shareholder information

Shareholders	Shares	Class	Equity share	Voting share
Ole T. Bjørnevik	728	A	72,8 %	100 %
Boa 1 AS	68	B	6,8 %	0 %
Boa 2 AS	68	B	6,8 %	0 %
Boa 3 AS	68	B	6,8 %	0 %
Boa 4 AS	68	B	6,8 %	0 %
Total	1 000		100 %	100 %

The parent company's share capital is NOK 1.250.000, distributed among 1 000 shares of par value NOK 1 250.

Note 11 Shareholder's equity

Parent company	Share capital	Share premium	Other equity	Total equity
Book equity on Jan. 1	1 250	4 080	584	5 914
Dividend	0	0	-3 100	-3 100
Group contribution	0	0	0	0
Year result	0	0	8 764	8 764

Group**This years change in equity**

Book equity on Jan. 1	1 250	4 080	208 182	213 512
Year result	0	0	-297 548	-297 548
Conversion differences	0	0	1 263	1 263
Dividend	0	0	-3 100	-3 100
Acquisition of minority shares	0	0	-5 697	-5 697
Paid in capital	0	0	0	-
Other changes	0	0	0	-

Note 12 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

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
Net costs after employer's contribution	3 271	3 750

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
Net pension funds	2 963	4 193

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.

Instalment profile:

	2018	2019	2020	2021	→
Instalments	30 273	38 239	1 991 163	479 161	756 656

A MNOK 212 loan in Boa PSV AS is both a combined construction- and Long term loan, and as such not included in the
Note 14 Other provisions for obligations

Parent company

Long-term liabilities	2017	2016
Boa Offshore AS	134 193	148 732
Boa Eiendom AS	6 275	0
Total	140 467	148 732

Long-term receivables	2017	2016
Det Nordenfjeldske Dampskibsselskab AS	18 613	24 921
Boa Shipping AS	0	0
Boa Eiendom AS	0	3 929
	18 613	28 850

Parent company

Tax expenses current year:	2017	2016
Changes in deferred taxes	12 240	2 010
Payable taxes	0	0
Tax expenses in P&L	12 240	2 010

Changes in deferred taxes:	2017	2016
Tax losses carried forward	-54 103	-51 000
Net tax asset (liability)	-54 103	-51 000
Net deferred tax at 23% (24%)	0	-12 240

Group

Tax expenses current year:	2017	2016
Changes in deferred taxes	58 108	27
Payable taxes	3 696	1 807
Tonnage tax	177	178
Corrections prior year	169	-173
Write-down deferred tax asset	-62	191 685
Tax expenses in P&L	62 088	193 525

Taxes payable in balance sheet:	2017	2016
Calculated tonnage tax	515	178
Taxes payable	132	598
Taxes payable in balance sheet	647	776

Calculation of tax base for the year	2017	2016
Result before taxes	-199 450	-680 402
Permanent differences	-67 754	45 239
Changes in timing differences	-115 754	205 056
Limitation of interest deductions	48 888	100 817
Loss carried forward used	-29 718	-10 578
Tax base for the year	-363 788	-339 867

Calculation of tax base for the year	2017	2016
Profit and loss account	1 880	2 350
Financial result	-45 955	-18 031
Loss carried forward used	0	6 700
Tax base for the year	-44 075	-8 981

Deferred tax change:	2017	2016
Fixed assets	-145 784	-242 169
Inventories	0	-1 564
Receivables	-27 332	-48 394
Profit and loss account	87 679	76 645
Short-term liabilities	3 100	10 512
Share in KS company	0	16 852
Total	-1 699 891	-1 796 308
Deferred tax benefit not recorded	1 653 272	1 509 773
Base for calculating deferred tax	-46 619	-286 535

Net deferred tax at 23% (24%)	-10 722	-68 768
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Note 17 Pledges and guarantees, etc.

Group

Book debt secured by pledge:	2017	2016
Debts to credit institutions	2 830 335	2 853 141
Accrued interest	35 921	32 614
Total	2 866 256	2 885 755

Book value of pledged assets	2017	2016
Bank deposits	240 735	271 683
Accounts receivable	82 212	45 118
Ships	2 667 496	2 907 195
Shares/bonds	230 654	509 989
Group receivables	179 925	692 000
Inventories	41 731	26 523
Total	3 442 753	4 452 508

Guarantee liabilities	83 332	1 242 990
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Note 18 Bank deposits

Restricted deposits	2017	2016
Employees' tax deduction	1 732	6 981
Other restricted deposits	12 225	54 181
Total	13 958	61 162

Note 19 Intercompany transactions

The controlling owner of the company is Ole T Bjørnevik.

Management remunerations are mentioned in note 3, and the outstanding accounts with group companies are mentioned in note 15. Mortgages and guarantees are mentioned in note 17.

Parent company

Operating transactions:	2017	2016
Services		
- Subsidiaries	5 000	13 400
Total income from operating transactions	5 000	13 400
Services		
- Subsidiaries	1 856	1 703
Total expenses from operating transactions	1 856	1 703
Finance transactions:		
Interest income		
- Subsidiaries	1 412	112
Income from guarantee commission		
- Subsidiaries		-
Total income from finance transactions	26 412	112
Interest expense		
- Subsidiaries	7 527	6 881
Total expenses from finance transactions	7 527	6 881

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 Taubåtkompaniet AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Taubåtkompaniet AS showing a profit of NOK 8 764 000 in the financial statements of the parent company and loss of NOK 297 548 000 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 for the Financial Statements

The Board of Directors 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 scepticism 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.

Other Matters

It is granted credit to the shareholder. This credit is not in compliance with the Norwegian Limited Companies Act section 8-7. We refer to the Board's review of this in the Board's Annual Report.

Trondheim, 27 April 2018
Deloitte AS



Jon Bjørnaas
State Authorised Public Accountant

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