



BOA OFFSHORE AS

Org.no. 926 265 156



Annual Report

2018

BOA OFFSHORE AS

GROUP

BOARD'S ANNUAL REPORT FOR 2018

Nature and location of activities:

Boa Offshore AS is the parent company of the Boa Offshore Group ("Group"). The Group is comprised of several ship owning companies within the following segments; tugboats, barges and offshore vessels. The tugboat activity, including salvaging, is mainly operating 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. 287 employees and, in the opinion of the Board, a good work environment. The total absenteeism rate for the year was around 3.3 %.

Equal opportunity:

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

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

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

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

Health, safety, the environment and quality:

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

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

The goal for the future with regard to the integrated health, safety, the environment and quality system is to achieve combined certification pursuant to the requirements of the ISM code, environment standard 14000 and ISO 9001:2000 quality standard. Parts of this certification are now introduced.

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

External environment:

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

Continued operations:

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

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

For NFDS Offshore 1 AS and NFDS Offshore 2 AS, the financial restructuring agreement set guidelines for sale of the companies' vessels. A sale has not been possible to carry out in today's market, but the company is continuously working on possible contracts for the vessels that will ensure further operation in the companies in the years to come. There is uncertainty whether this is possible to achieve and what would happen to the vessels and the companies. 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.

Boa Offshore AS has booked debt according to both Boa Offshore Unsec Bond and Boa Offshore Sub Bond at face value. Both bonds contain provisions that this debt must only be repaid on certain terms. Boa Offshore Unsec Bond shall only be repaid if and to the extent that the company receives (i) net income from certain specific potential sources of income or (ii) funds to be used for repayment of a residual claim with a nominal value of MNOK 116.5 plus interest. If the remaining claim is not met within 30 years, all amounts outstanding under the bond loan agreement shall be waived. The bond loan's total outstanding with accrued interest constitutes the upper limit for potential repayments. Boa Offshore Sub Bond contains similar mechanisms. This means that the relevant creditors will not be able to claim payment on outstanding amounts unless the company receives corresponding funds.

Based on the implemented financial restructuring, the agreement with the creditors, it is the opinion of the Board that there is no significant uncertainty about continued operations, and the annual accounts for 2018 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 2018 was MNOK -76.4, compared to MNOK -54.7 in 2017. In 2018, ship value impairment losses of 21.0 million were made. It is the board's view that in today's market these valuations are associated with uncertainty.

Net financial items were MNOK -204.8, compared to MNOK -224.1 in 2017.

The Group had in 2018 a tax expense of MNOK 12.8, compared to MNOK 49.6 in 2017.

The final result was a loss of MNOK 294.0 compared to MNOK 328.4 in 2017.

Total year end assets were MNOK 3 245, compared to MNOK 3 367 the previous year. The equity on December 31, 2018 was MNOK -366, compared with MNOK -70 on December 31, 2017. Booked value of equity for the Group is lost, but there are additional values in the vessels that make the fair value of book equity positive.

Financial risk:*Market risk:*

The Group is susceptible to changes in currency rates considering that the Group's earnings and long-term financing is partly in foreign currency. However, this market risk is to a certain degree reduced by the Group also having certain operating costs in the same currency. The Group continuously considers entering into forward contracts and other agreements in order to reduce the currency risk. By 31.12.2018 the total of the group's interestbearing debt was NOK 3 013 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 31.12.2018 is MNOK 302. Boa Offshore AS is financed by equity and debt. The parent company has a bond of MNOK 433 and a subordinated bond of MNOK 43 both listed at Oslo Stock Exchange ABN. The total of outstanding bonds as of 31.12.2018 for the company was MNOK 474. Out of this 131 MNOK is interest bearing debt with PIK-interests. Total outstanding bonds for the Group is MNOK 2 052 where MNOK 1 711 is interest bearing. The group has in addition loan to financial institutions of MNOK 1303 with various maturities between 2020 and 2027.

Appropriation of profits:

The year-end result of the parent company, Boa Offshore AS, was MNOK 8.4. The Board proposes the following distribution:

Transferred to other equity	MNOK	8.4
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Events after the balance sheet date:

No events have taken place after the end of the financial year that would materially affect the evaluation of the Group's profit and loss account or balance sheet as per December 31, 2018.

Future development:

The medium to long-term outlook for Boa Offshore has improved during 2018 on the back of increasing oil prices over the last 12-24 months, continued lowered hurdle rates for new field developments for oil companies, and increased volume of sanctioned offshore field development investment projects. The latter is expected to further improve in 2019 and 2020, which again will lay basis for higher offshore activity from 2020 onwards. However, the short-term picture is still challenging as demand is recovering from a very low level and needs to catch up with a significant overcapacity of vessels in many offshore segments. The recent sharp drop in oil prices from above USD80/bbl in October 2018 to the current level around USD60-65/bbl also represent a certain risk to the magnitude of the recovery in the short-term. From an earnings perspective 2019 will most likely not be significantly better than 2018.

Boa Offshore's Barge and Tug segments are exposed to more industries and demand drivers than oil and gas and these two segments remain stable and robust. The Tug business has since summer 2017 experienced higher and more stable activity.

The North Sea AHTS spot market disappointed in 2018. Despite higher activity in the North Sea in general, the outlook remains uncertain due to the vast overhang of idle/laid-up AHTS vessels and uncertainty regarding the timing of recovery in other regions. The AHTS vessels Boa Jarl and Boa Bison were in late October laid up after performing work in the Russian Kara- and Pechora Sea in 3Q18 and early 4Q18.

For Boa OCV, Boa Sub C finished its 5 months contract with Adwen in the North Sea Offshore Wind market in November, and has secured new short-term contracts for work in 1H19. Boa Deep C finished its commitment in West Africa early February and will mobilize to a medium-term contract in the North Sea during March. The Boa Deep C will also in 1Q19 complete its periodical 5-year class survey. The number of opportunities for new work in 2019 and 2020 has improved somewhat during 2018 and into 2019. However, competition for these contracts is still relatively tough and few contracts are of longer-term duration. In Boa SBL, Thalassa continues working for EMGS and Galatea remains laid up.

Trondheim, 28. February 2019

The Board of Boa Offshore AS



Ole T. Bjørnevik
Chairman of the Board



Georg Scheel
Board member



Oddvar Sørtømme
Board member



Siw Marita Bjørnevik
Board member



Eskil Bjørnevik
Board member



Helge Kvalvik
CEO

Income statement

Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
2018	2017	Operating income and operating expenses	Note	2018	2017
2 690	131 224	Total operating income	2	937 552	630 785
1 868	4 003	Operating cost ships		502 568	251 517
269	93 680	Payroll expenses	3, 9, 15	252 274	205 774
0	1 194	Depreciation	4	162 053	167 284
0	0	Write down fixed assets	4	34 000	38 470
1 324	21 878	Other operating expenses	3, 15	63 080	22 424
3 461	120 755	Total operating expenses		1 013 976	685 469
-772	10 469	Operating result		-76 424	-54 683
		Financial income and expenses			
25 812	19 592	Income from subsidiaries		0	0
27 707	50 001	Interest income from group companies	15	6 645	8 491
68	455	Other interest income		936	1 251
852	265 381	Other financial income		29 198	68 495
39 500	25 571	Depreciation of other financial fixed assets		0	0
2 445	35 444	Interest expense to group companies	15	0	1 043
2 114	27 567	Other interest expenses		200 033	193 654
1 169	63 227	Other financial expenses		41 549	107 674
9 212	183 619	Financial result		-204 804	-224 134
8 440	194 088	Result before tax		-281 228	-278 817
81	381	Tax on ordinary result	12	12 780	49 616
8 359	193 707	Profit for the year		-294 008	-328 434
0	0	Minority share		-3 677	-2 821
-8 359	-193 707	From other equity	8	294 008	328 434
8 359	193 707	Net brought forward		-294 008	-328 434

Balance sheet

Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
31.12.2018	31.12.2017		Note	31.12.2018	31.12.2017
		Fixed assets			
		Intangible assets			
0	0	Deferred tax asset	12	0	10 722
<u>0</u>	<u>0</u>	Total intangible assets		<u>0</u>	<u>10 722</u>
		Tangible fixed assets			
0	0	Buildings and land		1 897	1 897
0	0	Vessels		2 370 911	2 497 771
0	0	Equipment and other movables		6 762	21 226
<u>0</u>	<u>0</u>	Total tangible fixed assets	4	<u>2 379 569</u>	<u>2 520 893</u>
		Financial fixed assets			
472 659	487 159	Investments in subsidiaries	5	0	0
352 500	529 054	Loans to group companies	6, 11	112 905	142 010
0	0	Investments in shares	5	1 772	1 772
0	0	Other receivables	6, 9	16 179	14 801
<u>825 158</u>	<u>1 016 212</u>	Total financial fixed assets		<u>130 855</u>	<u>158 582</u>
<u>825 158</u>	<u>1 016 212</u>	Total fixed assets		<u>2 510 424</u>	<u>2 690 198</u>
		Current assets			
0	0	Inventories		6 059	6 162
		Receivables			
497	63	Trade receivables		271 963	177 065
46 148	30 211	Loans to group companies	11	2 729	2 508
5 669	3 731	Other receivables		151 678	140 105
<u>52 315</u>	<u>34 004</u>	Total receivables		<u>426 370</u>	<u>319 678</u>
		Investments			
0	0	Other financial instruments		362	362
<u>0</u>	<u>0</u>	Total investments		<u>362</u>	<u>362</u>
8 544	21 969	Cash and bank deposits	2, 14	302 229	351 090
<u>60 859</u>	<u>55 973</u>	Total current assets		<u>735 020</u>	<u>677 292</u>
<u>886 017</u>	<u>1 072 186</u>	Total assets		<u>3 245 444</u>	<u>3 367 490</u>

Balance sheet

Boa Offshore AS

Figures in 1 000 NOK

Parent company				Group	
31.12.2018	31.12.2017	Equity and liabilities	Note	31.12.2018	31.12.2017
		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			
153 566	145 207	Other equity	8	-446 161	-149 790
153 566	145 207	Total retained earnings		-446 161	-149 790
233 619	225 260	Total equity		-366 109	-69 737
0	0	Minority share		-10 961	-7 280
		Liabilities			
		Provisions			
0	0	Deferred tax	12	1 173	0
0	0	Total provisions		1 173	0
		Other long term liabilities			
474 347	493 077	Bonds	10, 13	2 052 067	1 926 771
0	0	Liabilities to financial institutions	10, 13	1 302 569	1 339 949
167 738	346 983	Liabilities to subsidiaries	11	0	0
642 084	840 060	Total other long term liabilities		3 354 636	3 266 721
		Current liabilities			
2 472	3 321	Trade creditors		132 743	58 547
7 118	2 994	Liabilities to subsidiaries	11	0	1 250
0	0	Tax payable	12	569	647
139	319	Public duties payable		5 876	7 502
585	232	Other short term liabilities		116 555	102 559
10 314	6 866	Total short term liabilities		255 744	170 506
652 399	846 926	Total liabilities		3 611 553	3 437 227
886 017	1 072 186	Total liabilities and equity		3 245 444	3 367 490

Balance sheet

Boa Offshore AS

Figures in 1 000 NOK

Trondheim, 28.02.2019

The board of Boa Offshore AS



Ole T. Bjørnevik

Chairman of the board



Oddvar N Sørtømme

Member of the board



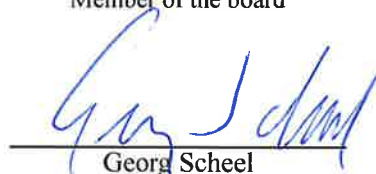
Siw Marita Bjørnevik

Member of the board



Eskil Bjørnevik

Member of the board



Georg Scheel

Member of the board



Helge Kvalvik

CEO

Consolidated Cash Flow Statement

Boa Offshore AS

Figures in 1 000 NOK

2018	2017			2018	2017
		Cash flow from operating activities			
8 440	194 088	Profit before income taxes		-281 228	-278 817
0	-368 383	Loan to equity conversion		0	0
1 974	40 175	Payment in kind bonds (PIK-bonds)		145 999	143 870
0	37 159	Group internal transfer of business		0	0
-25 812	-19 592	Gain on investments in subsidiaries		0	0
-81	-381	Income tax payable		-779	-3 677
0	1 194	Depreciation and write-down		196 053	205 754
0	-29	Gain on sale of tangible fixed assets		-2 200	-6 430
0	0	Gain on sale of financial fixed assets		0	-76
39 500	25 571	Write-down of financial fixed assets		0	0
0	67	Changes in inventories		104	4 369
-435	6 588	Changes in trade receivables		-94 898	44 365
-1 938	43 716	Changes in other receivables		-13 001	43 709
-850	-3 076	Changes in trade creditors		74 197	-22 035
-33 285	140 250	Changes in receivables from group companies		27 634	7 236
173	-32 057	Changes in other short-term liabilities		10 611	-14 376
-12 313	65 291	Net cash flow from operating activities	A	62 492	123 892
		Cash flow from investing activities			
0	4 029	Sale of tangible fixed assets		0	30 582
0	-82	Purchase of tangible fixed assets		-53 268	-20 940
0	960	Sale of financial fixed assets		0	960
0	-5 571	Purchase of financial fixed assets		0	-5 571
0	-664	Net cash flow from investing activities	B	-53 268	5 030
		Cash flow from financing activities			
-20 704	-107 156	Paid in long term liabilities		-58 085	-141 480
0	-26 600	Changes in liabilities		0	0
19 592	1 997	Group contribution		0	0
-1 111	-131 759	Net cash flow from financing activities	C	-58 085	-141 480
-13 425	-67 132	Net changes in cash and cash equivalents	A+B+C	-48 861	-12 558
21 969	89 101	Cash and cash equivalent start at period		351 090	363 648
8 544	21 969	Cash and cash equivalents at end of period		302 229	351 090

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.

Notes to 2018 annual report

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.

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

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

Miscellaneous

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

Note 2 Segments**Group**

Company	Segment	Operating income	EBITDA	Cash
Boa OCV AS	OCV	184 222	16 692	111 598
Boa SBL AS	Seismic	51 251	8 026	48 530
Boa Barges AS	Barge	153 567	81 254	14 658
Boa Barges LLC	Barge	21 355	2 047	17
Boa Tugs AS	Tugs	300 040	36 210	27 549
T.A. Kittilsen Shipping AS	Tugs	32 246	5 205	6 198
NFDS Offshore 1 AS	AHTS	32 018	-14 500	13 210
NFDS Offshore 2 AS	AHTS	38 656	-15 474	8 305
Boa Offshore AS	Other	2 690	-772	8 544
Boa Management AS	Other	111 513	16 903	38 041
Other/elimination	Other	9 995	-15 962	25 578
Sum		937 552	119 630	302 229

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

	Parent company		Group	
	2018	2017	2018	2017
Salaries	0	77 765	163 142	168 032
Employer's national insurance contribution	0	5 923	17 476	11 933
Pension contribution	0	2 756	5 324	6 391
Other personnel expenses	0	5 104	3 908	6 001
Hired in staff	269	2 132	62 424	13 416
Total personnel costs	269	93 680	252 274	205 774

Number of man-labour years employed	0	256*	281	292
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*All employee contracts in Boa Offshore AS were transferred to Boa Management, Boa Crewing 1 AS or Boa Crewing 2 AS during the second half of 2017.

Management remuneration*	Salary	Pension cost	Other
CEO	2 695	27	1 157
Board of Directors			269
			269

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

	Amount	Interest rate	Securities
Employees	6 911	0 - 4 %	Security in fixed assets

Auditor

	Parent company	Group
Audit fee for 2018 to Deloitte AS was NOK	320	1 013
Fee for audit related services was NOK	37	87
Fee paid to Deloitte Advokatfirma AS was NOK	0	60

Note 4 Fixed assets**Group**

	Vessels	Periodic maintenance	Land	Equipment	Sum
Acquisition cost on 01.01	4 489 370	286 893	1 897	23 773	4 801 932
Additions	9 771	45 060	0	1 153	55 984
Disposals	-1 805	-1 254	0	0	-3 060
Acquisition cost on 31.12	4 497 336	330 698	1 897	24 926	4 854 856
Accumulated depreciation 01.01	2 076 196	202 354	0	2 489	2 281 039
Acc. depreciation disposals	-1 805	0	0	0	-1 805
Depreciation this year	121 215	38 163	0	2 675	162 053
Write-down this year	21 000	0	0	13 000	34 000
Accum. depreciation 31.12.	2 216 606	240 517	0	18 164	2 475 287
Book value	2 280 730	90 181	1 897	6 762	2 379 569
Economic life	27-30 years	2,5-10 years		5 years	
Depreciation schedule	Linear	Linear		Linear	

Annual lease amount on fixed assets not included on the balance sheet 107 214

In 2018 vessels have been written off with NOK 21.000.000,-. By the end of 2018, 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	Year of acquisition	Office address	Share	Equity Dec. 31 2018	Results 2018
Subsidiaries (Norwegian)					
Boa Shipping AS		2000 Trondheim	100 %	-137 918	-31 478
Boa OCV AS		2002 Trondheim	100 %	-317 100	-151 592
Boa SBL AS		2008 Trondheim	100 %	-3 348	-68 505
T.A. Kittilsen Shipping AS		1998 Brevik	100 %	808	-845
Nye Kystlink AS		2012 Trondheim	100 %	-31 524	-7 203
Boa IMR AS		2014 Trondheim	63 %	74 112	-9 950
Tier subsidiaries (Norwegian)					
Boa Barges AS		2008 Trondheim	100 %	323 492	18 269
Boa Tugs AS		2008 Trondheim	100 %	99 679	8 097
Boa Management AS		2017 Trondheim	100 %	14 100	10 956
NFDS Offshore 1 AS		2012 Trondheim	100 %	-104 616	-57 471
NFDS Offshore 2 AS		2014 Trondheim	100 %	-95 909	-55 229
Boa Crewing 1 AS		2017 Trondheim	100 %	1 098	640
Boa Crewing 2 AS		2017 Trondheim	100 %	2 739	1 515
Subsidiaries (foreign)					
Boa Marine S.A		2006 Gdynia i Polen	100 %	349	110
Rederi AB		2005 Sverige	100 %	1 019	0
Boa Tugs AB		2011 Sverige	100 %	-103	-37
Boa Offshore LLC		2011 USA	100 %	-22 587	-10
Tier subsidiaries (foreign)					
Boa Barges LLC		2015 USA	100 %	1 356	2 047
Boa Marine Management LLC		2016 USA	100 %	-19 192	-13 453
Boa Marine LLC		2016 USA	100 %	-38	-5

Group 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
Taklift AS	10 %	250	250	250
Åfjord Sparebank		1 974	1 502	1 502
Sum		2 384	1 772	1 772

Note 6 Long-term receivables

	Parent company		Group	
	2018	2017	2018	2017
Receivables from group companies	352 500	529 054	112 905	142 010
Other long-term receivables	0	0	0	14 801
Sum	352 500	529 054	112 905	156 811

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	Other equity	SUM
Equity 01.01.	2 500	74 447	3 106	145 207	225 260
Profit of the year				8 359	8 359
Equity 31.12.	2 500	74 447	3 106	153 566	233 619

Group					
	Share capital	Share premium	Other restricted equity	Other equity	SUM
Equity 01.01.	2 500	74 447	3 106	-149 790	-69 737
Profit of the year				-294 008	-294 008
Conversion differences				-2 364	-2 364
Equity 31.12.	2 500	74 447	3 106	-446 162	-366 109

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

	2018	2017
Net present value of pension build-up this year	1 265	2 488
Interest costs for pension obligation	228	307
Return on pension funds	-440	-426
Estimated deviation recorded	165	285
Administrative costs	213	248
Change of pensionplan recorded	0	399
Accrued employer's contribution	179	369
Net costs after employer's contribution	1 610	3 670

Pension obligation

	2018	2017
Pension obligation	-10 905	-9 700
Pension funds (at market value)	11 842	9 701
Accrued employer's contribution	132	0
Deferred obligation for (losses)/profits	3 372	2 961
Net pension funds	4 441	2 963

Financial assumptions

	2018	2017
Interest rate	2,6 %	2,4 %
Expected return	4,3 %	4,1 %
Salary increase	2,8 %	2,5 %
G-regulation	2,5 %	2,3 %
Regulation of continuous pension	0,8 %	0,5 %
Employer's contribution rate	14,1 %	14,1 %
Voluntary resignation before the age of 40	0,0 %	0,0 %
Voluntary resignation after the age of 40	0,0 %	0,0 %

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

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

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

	2019	2020	2021	2022	→
Instalments	0	0	0	0	474 347

Group

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

	2019	2020	2021	2022	→
Instalments	53 885	2 397 904	68 500	68 500	765 847

Note 11 Outstanding accounts with companies within the same group

Parent company	Long term liabilities		Short term liabilities	
	2018	2017	2018	2017
Boa Barges LLC	0	0	0	66
Boa Marine Services SA.	0	0	188	188
Boa OCV AS	139 738	149 832	0	0
Boa Offshore LLC	0	0	2 242	5 460
Boa Management AS	0	0	4 689	-2 927
Boa PSV AS	0	167 119	0	0
Boa SBL AS	28 060	30 093	0	0
Rederi AB	-60	-60	0	0
Boa Tugs AS	0	0	0	208
Sum	167 738	346 983	7 118	2 994

	Long term receivables		Short term receivables	
	2018	2017	2018	2017
Boa Barges AS	0	0	7	0
Boa IMR AS	16 837	15 940	13 289	4 592
Det Nordenfjeldske Dampskibsselskab AS	5 928	7 817	0	0
Boa OCV AS	0	0	17	0
Boa Offshore LLC	0	0	1 099	1 099
Boa Management AS	9 130	0	25 114	8 145
Boa Crewing 2 AS	1 957	0	0	1 881
Boa Marine LLC	0	0	0	918
Boa PSV AS	0	0	0	8 937
Boa SBL AS	0	0	6	0
Boa Shipping AS	158 943	324 997	8	0
Boa Tugs AB	198	188	0	14
Boa Tugs AS	0	0	3	-22
NFDS Offshore 1 AS	98	98	815	718
NFDS Offshore 2 AS	52	52	805	702
Nye Kystlink AS	27 114	21 795	4 109	2 354
T. A. Kittilsen Shipping AS	25 265	23 973	873	873
Taubåtkompaniet AS	106 976	134 193	4	0
Sum	352 500	529 054	46 148	30 211

Group	Long term liabilities		Short term liabilities	
	2018	2017	2018	2017
Boa Eiendom AS	0	0	95	-265
Det Nordenfjeldske Dampskibsselskab AS	5 928	7 817	776	776
Taubåtkompaniet AS	106 976	134 193	1 858	1 997
Sum	112 905	142 010	2 729	2 508

Group	Long term debt		Short term debt	
	2018	2017	2018	2017
Taubåtkompaniet AS	0	0	0	1 250
Sum	0	0	0	1 250

Note 12 Tax**Parent company**

This years tax:	2018	2017
Changes in deferred tax	0	0
Tax payable abroad	81	381
Write-down deferred tax asset	0	0
This years tax expense	80	381

This years tax basis:	2018	2017
Result before tax	8 440	194 088
Permanent differences	13 816	-221 342
Changes in timing differences	-6 896	-12 180
Group contribution	25 812	19 592
This years tax basis	41 172	-19 841

Temporary differences:	2018	2017
Tangible fixed assets	0	-
Receivables	0	-
Profit and loss account	-27 583	-34 479
Short term liabilities	0	-
Tax losses carried forward	-358 910	-400 082
Net temporary differences	-386 493	-434 561
Net deferred tax	0	0

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

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

This years tax:	2018	2017
Changes in deferred tax	11 895	-31 814
Tax payable Norway	346	516
Tonnage tax	223	177
Tax previous years	-1	169
Tax payable US	317	3 180
Write-down deferred tax asset	0	77 388
This years tax expense	12 780	49 616
This years tax basis, ordinary taxation:		
Result before tax	-281 228	-278 817
-Result before tax taxed by the Norwegian shipowning tax regime.	191 326	381 950
Permanent differences	-689	7 169
Changes in timing differences	-98 158	-125 333
Loss carried forward	47 200	48 888
Utilized loss carried forward	-22 596	-25 673
This years tax basis	-164 144	8 184
Calculation of tax base for the year shipping taxation:		
Profit and loss account	1 504	1 880
Financial result	-46 377	-45 955
Loss carried forward used	0	-
Tax base for the year	-44 873	-44 075
Tax payable in balance:		
Calculated tonnage tax	223	131
Taxes payable	346	515
Tax payable in balance	569	647
Temporary differences:		
Tangible fixed assets	-76 259	-181 301
Receivables	-3 712	-4 332
Profit and loss account	43 558	52 540
Short term liabilities	4 579	3 100
Tax losses carried forward	-1 088 600	-1 501 173
Net temporary differences	-1 120 435	-1 631 165
Temporary differences not included	-1 125 767	-1 584 547
Net temporary differences	5 332	-46 618
Net deferred tax	-1 173	10 722

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:	2018	2017
Debts to credit institutions	0	0
Accrued interest	0	0
Total	0	0

Book value of pledged assets:	2018	2017
Cash deposits	0	0
Total	0	0

Book value of assets mortgaged for debt for group companies:

	2018	2017
Shares	0	0
Total	0	0

Guarantee liabilities	14 508	33 615
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Group:

Book debt secured by pledge:	2018	2017
Debts to credit institutions	2 880 289	2 773 643
Accrued interest	20 864	35 921
Total	2 901 152	2 809 564

Book value of pledged assets:	2018	2017
Cash deposits	196 301	240 735
Accounts receivables	68 829	82 212
Vessels	2 423 640	2 554 153
Shares/bonds	230 654	230 654
Group receivables	167 798	179 925
Other	38 811	41 731
Total	3 126 033	3 329 410

Guarantee liabilities	14 508	33 615
Pledge for other group companies	150 000	150 000

Note 14 Bank deposits

	Parent company		Group	
Restricted deposits	2018	2017	2018	2017
Employees' tax deduction	622	1 732	5 232	5 433
Other restricted deposits	21	12 225	150 892	175 822
Total	643	13 958	156 124	181 256

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:	2018	2017
Income		
- Mother company	0	1 175
- Subsidiary	0	124 492
- Other group companies	0	229
Total revenue from operating transactions	0	125 896
Services		
- Mother company	0	2 917
- Subsidiary	4 323	3 934
- Other group companies	0	0
Total expenses from operating transactions	4 323	6 850
Finance transactions:		
Group contribution and dividend		
- Subsidiary	25 812	19 592
Interest income		
- Mother company	6 302	7 497
- Subsidiary	21 062	41 510
- Other group companies	343	994
Other financial income		
- Subsidiary	0	219 717
- Other group companies	0	31 887
Income from guarantee commission		
- Subsidiary	0	6 253
Total income from finance transactions	53 519	327 450
Interest expense		
- Subsidiary	2 445	34 401
- Other group company	0	1 043
Write-down shares		
- Subsidiary	39 500	25 571
Total expenses from finance transactions	41 945	61 016

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:	2018	2017
Income		
- Mother company	2 041	1 175
- Other group companies	821	229
Total revenue from operating transactions	2 861	1 404
Services		
- Mother company	5 000	2 917
- Other group companies	0	0
Total expenses from operating transactions	5 000	2 917
Finance transactions:		
Interest income		
- Mother company	6 302	7 497
- Other group companies	343	994
Other financial income		
- Other group companies	31 887	31 887
Total income from finance transactions	38 532	40 378
Interest expense		
- Other group companies	0	1 043
Total expenses from finance transactions	0	1 043

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

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

To the General Meeting of Boa Offshore AS

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Boa Offshore AS showing a profit of NOK 8 359 000 in the financial statements of the parent company and loss of NOK 294 008 000 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company Boa Offshore AS (the Company), which comprise the balance sheet as at 31 December 2018, 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 consolidated financial statements of Boa Offshore AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, 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 Company as at 31 December 2018, 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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, 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 information in the annual report, except the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional 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 or 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 proposed allocation of the result 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, 5 March 2019
Deloitte AS



Jon Bjørnaas
State Authorised Public Accountant (Norway)

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