



BOA

Annual Report

Taubåtkompaniet AS

Group

2018

Org.nr. 989 023 268



TAUBÅTKOMPANIET AS

GROUP

BOARD'S ANNUAL REPORT FOR 2018

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 of larger barges, and offshore supply vessels within construction and oil exploration, are 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. 287 employees and, in the opinion of the Board, a good work environment. The total absenteeism rate for the year was around 4.1 %.

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.

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, environmental standard 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 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 -63.5, compared to MNOK -32.1 in 2017.

Net financial items were MNOK -211.6, compared to MNOK -203.4 in 2017.

The tax expenses for 2018 were MNOK 15.4.

The final result was a loss of MNOK 290.5.

Total year end assets were MNOK 3 232, compared to MNOK 3 373 the previous year. The percentage of shareholder's equity on December 31, 2018 was 0 %, same as previous year. 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 in 2018 settled his loan in Boa Eiendom AS.

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 interest bearing debt was MNOK 3 023 where of MNOK 569 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 304. The total of outstanding bonds as of yearend was MNOK 2 017 where MNOK 1 711 is interest bearing. The group has in addition loan to financial institutions of MNOK 1 348 with various maturities between 2020 and 2027.

Appropriation of profits:

The year-end result of the parent company, Taubåtkompaniet AS, was MNOK 2.5. The Board proposes the following distribution:

Transferred from other equity	MNOK	2.5
Dividends	MNOK	5.0

Events after the balance sheet date:

Boa SBL AS's creditors have in the bondholders' meeting approved the sale of the company's two vessels Boa Thalassa and Boa Galatea. Besides the above mentioned, no events have taken place after the end of the financial year that would materially affect the evaluation of the Group's profit and loss account or balance sheet as per December 31, 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. One of the contracts are now cancelled. Boa Deep C finished its commitment in West Africa early February and mobilized to a medium-term contract in the North Sea during March. The Boa Deep C completed its periodical 5-year class survey in February and March. 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, 30 April 2019

A handwritten signature in blue ink, appearing to read 'Ole T. Bjørnevik', is written over the printed name.

Ole T. Bjørnevik
Chairman of the Board

Income statement

Taubåtkompaniet AS

Figures in 1 000 NOK

Parent company				Group	
2018	2017	Operating income and operating expenses	Note	2018	2017
0	0	Operating income	2	942 253	639 852
5 000	5 000	Other operating income	2	8 354	44 163
5 000	5 000	Total operating income		950 607	684 015
2 023	1 838	Payroll expenses	3	252 274	205 774
0	0	Depreciation	4	164 587	172 432
0	0	Write-down fixed assets	4	34 000	39 286
69	1 262	Other operating expenses	3, 19	563 216	298 595
2 092	3 100	Total operating expenses		1 014 077	716 086
2 908	1 900	Operating result		-63 471	-32 072
Financial income and expenses					
5 010	25 000	Income from subsidiaries		0	16 551
0	0	Income from associated companies	5	0	36 480
880	1 412	Interest income from subsidiaries	19	0	0
167	237	Interest income		2 508	2 635
0	0	Other financial income		30 350	48 828
6 456	7 527	Interest expenses to subsidiaries	19	0	0
9	0	Interest expenses		201 522	197 074
3	18	Other financial expenses		42 950	110 809
-411	19 105	Financial result		-211 614	-203 388
2 498	21 004	Result before tax		-275 084	-235 460
0	12 240	Tax on ordinary result	16	15 397	62 088
2 498	8 764	Profit for the year		-290 481	-297 548
0	0	Minority share		-3 677	-2 821
Brought forward					
5 000	3 100	Dividend	11	5 000	3 100
0	5 664	To other equity	11	0	0
2 502	0	From other equity	11	295 481	300 648
2 498	8 764	Net brought forward		-290 481	-297 548

Balance sheet

Taubåtkompaniet AS

Figures in 1 000 NOK

Parent company				Group	
2018	2017	Assets	Note	2018	2017
		Fixed assets			
		Intangible assets			
0	0	Concessions, patents etc	4	1 500	1 500
0	0	Deferred tax asset	16	0	10 722
<u>0</u>	<u>0</u>	Total intangible assets		<u>1 500</u>	<u>12 222</u>
		Tangible fixed assets			
0	0	Buildings and land	4	3 321	3 579
0	0	Fictures and fitting etc.	4	6 762	21 226
0	0	Vessels and barges	4, 17	2 370 911	2 497 771
0	0	Helicopters	4, 17	90 098	103 493
<u>0</u>	<u>0</u>	Total tangible fixed assets		<u>2 471 091</u>	<u>2 626 069</u>
		Financial fixed assets			
112 159	112 159	Investments in subsidiaries	5	0	0
16 725	18 613	Loans to group companies	15	0	0
0	0	Investments in associated comp. and joint ventures	5	15	15
0	0	Loans to associated companies and joint ventures	8	1 649	1 585
0	0	Investments in shares	6	1 772	1 772
0	0	Other receivables	3, 8, 12	17 505	16 109
<u>128 885</u>	<u>130 772</u>	Total financial fixed assets		<u>20 940</u>	<u>19 481</u>
<u>128 885</u>	<u>130 772</u>	Total fixed assets		<u>2 493 531</u>	<u>2 657 772</u>
		Current assets			
0	0	Inventories	9, 17	6 059	6 162
		Receivables			
0	0	Trade receivables	7, 17	271 994	179 604
5 010	25 000	Trade receivables to subsidiaries	15, 17	0	0
3 595	4 964	Other receivables		155 660	155 561
<u>8 605</u>	<u>29 964</u>	Total receivables		<u>427 654</u>	<u>335 165</u>
		Investments			
0	0	Bonds		362	362
<u>0</u>	<u>0</u>	Total investments		<u>362</u>	<u>362</u>
19	35	Cash and bank deposits	17, 18	304 442	373 049
<u>8 625</u>	<u>30 000</u>	Total current assets		<u>738 517</u>	<u>714 738</u>
<u>137 509</u>	<u>160 772</u>	Total assets		<u>3 232 048</u>	<u>3 372 510</u>


Balance sheet

Taubåtkompaniet AS

Figures in 1 000 NOK

Parent company				Group	
2018	2017	Equity and liabilities	Note	2018	2017
		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			
3 746	6 248	Other equity	11	-410 554	-105 901
3 746	6 248	Total retained earnings		-410 554	-105 901
9 076	11 578	Total equity		-405 224	-100 571
0	0	Minority share		-10 961	-7 280
		Liabilities			
		Provisions			
0	0	Deferred tax	16	10 577	0
0	0	Total provisions		10 577	0
		Other long term liabilities			
0	0	Bonds	13, 17	2 016 595	1 898 851
0	0	Liabilities to financial institutions	13, 17	1 348 117	1 396 641
120 535	140 467	Liabilities to subsidiaries	15	0	0
120 535	140 467	Total other long term liabilities		3 364 712	3 295 492
		Current liabilities			
40	1 200	Trade creditors	16	132 788	60 100
0	0	Tax payable		569	647
0	0	Public duties payable		6 070	7 502
5 000	3 100	Dividends		5 000	3 100
1 000	3 679	Other short term liabilities		117 557	106 239
7 898	8 726	Total short term liabilities		261 984	177 589
128 434	149 194	Total liabilities		3 637 273	3 473 081
137 509	160 772	Total liabilities and equity		3 232 048	3 372 510

Trondheim, 30 April 2019



Ole T. Bjørnevik
Chairman of the board

Taubåtkompaniet AS - group

Cash flow statement

Figures in 1 000 NOK

Parent company			Group	
2017	2018	Cash flow from operating activities	2018	2017
21 004	2 498	Profit before income taxes	-275 084	-235 460
0	0	Gain on investments in associated companies	0	-36 480
0	0	Gain on investments in subsidiaries	0	-16 551
0	0	Payment in kind bonds (PIK bonds)	145 999	143 870
0	0	Income tax payable	-798	-3 687
0	0	Depreciation and write-down	198 587	211 718
0	0	Gain on sale of tangible fixed assets	-6 949	-50 011
0	0	Gain on sale of financial fixed assets	0	-6 068
0	0	Write-down financial fixed assets	0	23 000
0	0	Currency gain/-loss	358	2 756
0	0	Changes in inventories	104	8 952
0	0	Changes in trade receivables	-92 389	49 146
-3 980	1 369	Changes in other receivables	-8 487	29 863
487	-1 160	Changes in trade creditors	72 688	-25 248
-21 184	3 056	Changes in receivables from subsidiaries	0	0
3 379	-2 679	Changes in other short-term liabilities	10 081	-8 848
-294	3 084	Net cash flow from operating activities	A	44 108
		Cash flow from investing activities		
		Investing activities		
0	0	Sale of tangible fixed assets	11 700	92 346
0	0	Purchase of tangible fixed assets	-53 268	-20 940
0	0	Sale of financial fixed assets	0	88 811
0	0	Purchase of financial fixed assets	0	-5 571
0	0	Changes in other investments	-1 459	0
0	0	Net cash flow from investing activities	B	154 646
		Cash flow from financing activities		
0	0	Raised long term liabilities	0	0
0	0	Paid in long term liabilities	-66 588	-240 502
0	-3 100	Dividends	-3 100	0
0	0	Paid in equity	0	0
0	-3 100	Net cash flow from financing activities	C	-69 688
-294	-16	Net changes in cash and cash equivalents	A+B+C	1 096
329	36	Cash and cash equivalent at 01.01		371 952
36	20	Cash and cash equivalents at 31.12		373 048

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	2018	2017
Shipping activities	934 739	645 159
Helicopter/planes	15 867	38 856
Total	950 607	684 015

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

	2018	2017
Salaries	163 142	168 032
Employer's national insurance contribution	17 476	11 933
Pension contribution	5 324	6 391
Other personnel expenses	3 908	6 001
Hired in staff	62 424	13 416
Total personnel costs	252 274	205 774

Number of man-labour years employed	281	292
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Management remuneration	Salary	Other
CEO	363	50
Board of Directors		307

Loan and securities to shareholders, management personnel and employees

	Amount	Interest rate	Securities
Employees	6 911	0 - 4 %	Real estate/shares
Owners	3 595	0 - 4 %	Real estate/shares

Auditor	Group	Parent company
Deloitte, audit	1 147	50
Deloitte, other services	115	0
Deloitte, lawyer	60	0
Total	1 323	50

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	4 776 263	118 422	23 773	5 323	4 923 781
Additions	54 831	0	1 153	0	55 984
Disposals	-3 060	-14 595	0	0	-17 655
Acc. cost on Dec. 31	4 828 034	103 827	24 926	5 323	4 962 110
Acc. depreciation on Jan. 1	2 278 550	14 929	2 489	1 744	2 297 713
Acc. depreciation disposals	-1 805	-3 476	0	0	-5 281
Depreciation current year	159 378	2 275	2 675	259	164 587
Write-down current year	21 000	0	13 000	0	34 000
Acc. depreciation on Dec. 31	2 457 123	13 729	18 164	2 003	2 491 019
Book value on Dec. 31	2 370 911	90 098	6 762	3 321	2 471 091

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 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 aquisition	Office address	Share	Equity 31.12.18	Results 2018
Subsidiaries (Norwegian)					
Boa Offshore AS	1979	Trondheim	100 %	233 619	8 359
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
Det Nordenfjeldske Dampskibsselskab AS	2006	Trondheim	100 %	22 418	-841
Boa Eiendom AS	2000	Trondheim	100 %	18 693	-837
Nordenfjeldske Luftfart AS	2006	Trondheim	100 %	46 743	8 788
Boa Barges AS	2008	Trondheim	100 %	323 492	18 269
Boa PSV AS	2011	Trondheim	100 %	0	0
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)					
Rederi AB	2005	Sweden	100 %	1 019	0
Boa Marine S.A	2006	Poland	100 %	349	110
Boa Offshore LLC	2008	USA	100 %	-22 587	-10
Boa Tugs AB	2011	Sweden	100 %	-103	-37
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
Speedlink SP. Z O.O.	2016	Poland	100 %	30	8
Associated companies					
Perpetual AS	2014	Trondheim	50 %	414	2 230

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

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
Taklift AS	10.2 %	250	250	250
Total		2 384	1 772	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 11 696 000,-.

Note 8 Long-term receivables

Group	2018	2017
Receivables against associated companies	1 649	1 585
Other long-term receivables	17 505	16 109

Note 9 Inventory

The bunker inventory was scanned on December 31, 2018. 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	6 248	11 578
Dividend	0	0	-5 000	-5 000
Year result	0	0	2 498	2 498
Book equity on Dec. 31	1 250	4 080	3 746	9 076

Group**This years change in equity**

Book equity on Jan. 1	1 250	4 080	-105 901	-100 571
Year result	0	0	-290 481	-290 481
Conversion differences	0	0	-2 366	-2 366
Dividend	0	0	-5 000	-5 000
Other changes	0	0	-6 806	-6 806
Book equity on Dec. 31	1 250	4 080	-410 554	-405 224

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

	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 pension plan 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 13 Long-term debts

Instalment profile:

	2019	2020	2021	2022	→
Instalments	59 575	2 403 594	74 190	86 070	741 283

Note 15 Intercompany balances

Parent company

Short-term liabilities	2018	2017
Boa Management AS	1 854	747
Sum	1 854	747

Long-term liabilities	2018	2017
Boa Offshore AS	106 976	134 193
Nordenfjeldske Luftfart AS	5 010	0
Boa Eiendom AS	8 549	6 275
Total	120 535	140 467

Short-term receivables	2018	2017
Nordenfjeldske Luftfart AS	5 010	25 000
Sum	5 010	25 000

Long-term receivables	2018	2017
Det Nordenfjeldske Dampskibsselskab AS	16 725	18 613
Total	16 725	18 613

Note 16 Taxes**Parent company**

Tax expenses current year:	2018	2017
Changes in deferred taxes	0	12 240
Payable taxes	0	0
Tax expenses in P&L	0	12 240

Changes in deferred taxes:	2018	2017
Tax losses carried forward	-55 762	-54 103
Net tax asset (liability)	-55 762	-54 103
Net deferred tax at 22% (23%)	0	0

Group

Tax expenses current year:	2018	2017
Changes in deferred taxes	21 200	58 108
Payable taxes	683	3 696
Tonnage tax	223	177
Corrections prior year	-6 808	169
Write-down deferred tax asset	99	-62
Tax expenses in P&L	15 397	62 088

Taxes payable in balance sheet:	2018	2017
Calculated tonnage tax	346	515
Taxes payable	223	132
Taxes payable in balance sheet	569	647

Calculation of tax base for the year	2018	2017
Result before taxes	-275 084	-235 460
-Result before tax taxed by the Norwegian shipowning tax regime.	191 326	381 950
Permanent differences	18 528	-67 754
Changes in timing differences	-121 876	-115 754
Limitation of interest deductions	47 200	48 888
Loss carried forward used	-26 534	-29 718
Tax base for the year	-166 441	-17 848

Calculation of tax base for the year shipping taxation:	2018	2017
Profit and loss account	1 504	1 880
Financial result	-46 377	-45 955
Tax base for the year	-44 873	-44 075

Deferred tax change:	2018	2017
Fixed assets	-40 938	-145 784
Receivables	-3 712	-27 332
Profit and loss account	79 611	87 679
Short-term liabilities	4 579	3 100
Tax losses carried forward	-1 196 477	-1 617 555
Total	-1 156 937	-1 699 891
Deferred tax benefit not recorded	1 205 012	1 653 272
Base for calculating deferred tax	48 075	-46 619

Net deferred tax at 22% (23%)	10 577	-10 722
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Note 17 Pledges and guarantees, etc.

Group

Book debt secured by pledge:	2018	2017
Debts to credit institutions	2 890 365	2 830 335
Accrued interest	20 864	35 921
Total	2 911 229	2 866 256

Book value of pledged assets	2018	2017
Bank deposits	196 301	240 735
Accounts receivable	68 829	82 212
Ships	2 523 380	2 667 496
Shares/bonds	230 654	230 654
Group receivables	167 798	179 925
Inventories	38 811	41 731
Total	3 225 773	3 442 753

Guarantee liabilities	49 717	83 332
Pledge for other group companies	150 000	150 000

Note 18 Bank deposits

Restricted deposits	2018	2017
Employees' tax deduction	5 232	1 732
Other restricted deposits	150 892	12 225
Total	156 124	13 958

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:	2018	2017
Services		
- Subsidiaries	5 000	5 000
Total income from operating transactions	5 000	5 000
Services		
- Subsidiaries	2 041	1 856
Total expenses from operating transactions	2 041	1 856
Finance transactions:		
Interest income		
- Subsidiaries	880	1 412
Income Group Contribution		
- Subsidiaries	5 010	25 000
Total income from finance transactions	5 890	26 412
Interest expense		
- Subsidiaries	6 456	7 527
Total expenses from finance transactions	6 456	7 527

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 2 498 000 in the financial statements of the parent company and loss of NOK 290 481 000 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company Taubåtkompaniet 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 Taubåtkompaniet 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 for the Financial Statements

The Board of Directors (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, 30 April 2019
Deloitte AS



Jon Bjørnaas
State Authorised Public Accountant (Norway)

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