

# Annual Report Boa Offshore AS Group 2013

Org.nr. 926 265 156



# BOA OFFSHORE AS GROUP

## BOARD'S ANNUAL REPORT FOR 2013

### **Nature and location of activities:**

Boa Offshore AS is the management company of the Boa holding Group and the parent company of the Boa Offshore Group ("Group"). The company also invests in the shipping and offshore related companies. The Group comprises several ship owning companies within the following segments; tugboat, barge 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 management is located in Trondheim. An office in Houston has been established, currently engaged in the Gulf of Mexico operating chartered construction vessels in addition to the Group's vessels.

### **Work environment:**

At year-end the Group had approx. 355 employees and, in the opinion of the Board, a good work environment. The total absenteeism rate for the year was around 3 %.

### **Equal opportunity:**

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

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

The gender ratio in administration onshore is approx. 30 % women and 70 % men. For the company in total the ratio of women is approx. 20%. There are two top positions in the Group management held by a woman.

For the Group, the distribution among the employees is about 19 % women and about 81 % men.

### **Health, safety, the environment and quality:**

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

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

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

Over the last year it has been one serious work-related injury among employees and contracted personnel. The Group is continuously working to reduce the number of work related injuries.

**External environment:**

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

**Continued operations:**

Boa Offshore AS (parent company) has positive equity as per December 31, 2013. The company's shareholdings in subsidiaries, in the board's opinion, have significant higher value relative to the book values. The annual accounts for 2013 for the Group were drawn up under the assumption of continued operations.

**Review of annual accounts:**

The operating profit for the Group in 2013 was MNOK 288,3 compared to MNOK 242,1 in 2012.

Net financial items were MNOK -216,9 compared to MNOK -140,1 in 2012. The main part of the increase from 2012 is non recurring costs from refinancing and raising new loans.

The tax expenses for 2013 were MNOK 2,7.

The final result was a profit of MNOK 68,7 compared to MNOK 100,2 in 2012.

Total year end assets were MNOK 4 969,3 compared to MNOK 3 969,2 the previous year. The percentage of shareholder's equity on December 31, 2013 was 29,9 % compared with 34,3 % on December 31, 2012.

**Financial risk:**

*Market risk:*

The Group is susceptible to changes in currency rates considering the Group's earnings and long-term financing is partly in foreign currency. However, the currency risk is reduced somewhat since the operating costs of the Group are in the same currency. The Group continuously considers entering into forward contracts and other agreements in order to reduce the currency risk. By December 31, 2013 the total of the group's interest holding debt was MNOK 2 880 whereof MNOK 600 is secured by interest rate swap agreements.

*Credit risk:*

The risk that the other contracting party will not have the financial means to meet its obligations is considered low. Agreements have not been made for set-offs or other financial tools to minimise the Group's credit risk.

*Liquidity risk:*

The group's liquidity position is significantly improved throughout 2013. There has been refinancing of vessels and raised new loans in order to secure both short-term construction loans and long-term financing for the initiated new-building program. The parent company has 2 bonds of a total of MNOK 559,2 listed at Oslo Stock Exchange ABN. The bond has maturity date in 2015 (MNOK 59,2) and 2018 (MNOK 500). The total of outstanding bonds as of December 31, 2013 was MNOK 1 961,7.

**Appropriation of profits:**

The year-end result of the parent company, Boa Offshore AS, was MNOK 17,4. The Board proposes the following distribution:

Transferred to other equity	MNOK 5,2
Group contribution	MNOK 12,2

**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, 2013.

**Future Development:**

Boa Offshore has over the last few years experienced a solid increase in operating profit and a significant improvement in its liquidity situation on the balance sheet. The former as a result of a more focused and streamlined operational strategy, and partly as a result of improved market conditions. This together with re-financing of outstanding debt has improved the liquidity situation of the company. Furthermore, the initiated newbuilding program for Boa Offshore is fully financed.

The Board of Directors keeps its long-term positive fundamental view of the offshore markets it operates within, and expects a stable to growing demand for its fleet and services in the years ahead. Although several oil companies have announced reduced growth in their investment plans in the short to medium term, in a historical view the level of investments is still high. Part of the reason for the announced moderated growth relates to escalating costs within several offshore services segments, not necessarily linked to the segments Boa Offshore operates within. A number of large offshore projects have already commenced the development phase or have been sanctioned, which will ensure stable and good activity in the coming years. Assuming the oil price remains above the current level (ref above USD100/bl) and that the global oil demand continues to increase, the long-term outlook for the offshore industry remains promising.

The Group's strategy remains to focus on a modern fleet of large offshore vessels adapting to new demands from customers and the increased activity in offshore developments. The Group seeks to balance the contract portfolio between spot and long-term contracts.

Trondheim, 27.02.2014



Ole T. Bjørnevik  
Chairman of the Board



Oddvar Sørtømme  
Member of the Board



Svein Berg  
Member of the Board



Eskil Bjørnevik  
Member of the Board



Marita Bjørnevik  
Member of the Board



Helge Kvalvik  
CEO

# Income statement

## Boa Offshore AS

Figures in 1 000 NOK

Parent company						Group	
2013	2012	Operating income and operating expenses	Note	2013	2012		
0	0	Operating income	2	1 214 980	1 026 784		
215 124	168 445	Other operating income	16	32 218	11 137		
<u>215 124</u>	<u>168 445</u>	<b>Total operating income</b>		<u>1 247 198</u>	<u>1 037 921</u>		
8 573	5 895	Operating cost ships		534 821	362 725		
152 650	134 436	Payroll expenses	3, 9, 16	243 987	249 342		
2 559	2 686	Depreciation	4	141 283	140 731		
5	0	Write down fixed assets	4	5	0		
26 674	21 809	Other operating expenses	3, 16	38 772	43 035		
<u>190 462</u>	<u>164 826</u>	<b>Total operating expenses</b>		<u>958 869</u>	<u>795 833</u>		
<u>24 662</u>	<u>3 619</u>	<b>Operating result</b>		<u>288 329</u>	<u>242 087</u>		
		<b>Financial income and expenses</b>					
39 328	30 975	Income from subsidiaries		0	0		
0	0	Income from associates	5	0	52		
70 896	68 271	Interest income from group companies	16	7 805	17 112		
500	309	Other interest income		4 115	6 514		
3 943	2 296	Other financial income		36 995	42 994		
8 101	73 275	Depreciation of other financial fixed assets		0	0		
69 656	64 561	Interest expense to group companies	16	1 072	5 071		
14 041	1 669	Other interest expenses		185 978	158 826		
20 513	3 614	Other financial expenses		78 780	42 828		
<u>2 357</u>	<u>-41 268</u>	<b>Financial result</b>		<u>-216 915</u>	<u>-140 053</u>		
<u>27 019</u>	<u>-37 649</u>	<b>Result before tax</b>		<u>71 413</u>	<u>102 034</u>		
9 669	3 066	Tax on ordinary result	12	2 687	1 830		
<u>17 350</u>	<u>-40 716</u>	<b>Profit for the year</b>		<u>68 727</u>	<u>100 204</u>		
0	0	Minority share		93	0		
12 167	0	Group contribution	8	12 167	11 133		
5 183	0	To other equity	8	56 560	89 072		
0	40 716	From other equity	8	0	0		
<u>17 350</u>	<u>-40 716</u>	<b>Net brought forward</b>		<u>68 727</u>	<u>100 204</u>		

# Balance sheet

## Boa Offshore AS

Figures in 1 000 NOK

Parent company			Group		
2013	2012	Note	2013	2012	
		<b>Fixed assets</b>			
		<b>Intangible assets</b>			
206 707	214 553	Deferred tax asset	12	177 335	161 442
<u>206 707</u>	<u>214 553</u>	<b>Total intangible assets</b>		<u>177 335</u>	<u>161 442</u>
		<b>Tangible fixed assets</b>			
1 447	1 447	Buildings and land	4	1 447	1 447
10 067	14 405	Vessels	4	1 976 156	2 049 622
1 475	493	Fictures and fitting etc.	4	3 298	2 001
0	0	Newbuilding contracts	4	1 417 040	1 181 697
<u>12 988</u>	<u>16 345</u>	<b>Total tangible fixed assets</b>		<u>3 397 941</u>	<u>3 234 766</u>
		<b>Financial fixed assets</b>			
297 125	295 195	Investments in subsidiaries	5	0	0
1 096 946	818 334	Loans to group companies	6, 11	144 175	113 156
160	160	Investments in shares	5	410	410
5 928	11 608	Other receivables	6, 9	191 496	16 194
<u>1 400 159</u>	<u>1 125 298</u>	<b>Total financial fixed assets</b>		<u>336 081</u>	<u>129 761</u>
<u>1 619 855</u>	<u>1 356 196</u>	<b>Total fixed assets</b>		<u>3 911 356</u>	<u>3 525 969</u>
		<b>Current assets</b>			
209	101	Inventories		2 709	3 421
		<b>Receivables</b>			
8 179	2 650	Trade receivables		246 224	158 170
55 418	47 308	Loans to group companies	11	2 275	324
11 396	3 735	Other receivables		58 197	61 389
<u>74 992</u>	<u>53 693</u>	<b>Total receivables</b>		<u>306 696</u>	<u>219 884</u>
		<b>Investments</b>			
0	0	Other financial instruments		340	334
<u>0</u>	<u>0</u>	<b>Total investments</b>		<u>340</u>	<u>334</u>
393 375	56 273	Cash and bank deposits	14	748 201	219 597
<u>468 577</u>	<u>110 067</u>	<b>Total current assets</b>		<u>1 057 946</u>	<u>443 237</u>
<u>2 088 431</u>	<u>1 466 263</u>	<b>Total assets</b>		<u>4 969 303</u>	<u>3 969 206</u>

# Balance sheet

## Boa Offshore AS

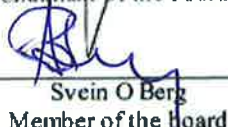
Figures in 1 000 NOK

2013	2012	Equity and liabilities	Note	2013	2012
		<b>Restricted equity</b>			
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
<u>80 053</u>	<u>80 053</u>	<b>Total restricted equity</b>		<u>80 053</u>	<u>80 053</u>
		<b>Retained earnings</b>			
233 102	227 919	Other equity	8	1 407 159	1 283 315
<u>233 102</u>	<u>227 919</u>	<b>Total retained earnings</b>		<u>1 407 159</u>	<u>1 283 315</u>
<u>313 154</u>	<u>307 972</u>	<b>Total equity</b>		<u>1 487 211</u>	<u>1 363 368</u>
0	0	Minority share		63 769	0
		<b>Liabilities</b>			
		<b>Provisions</b>			
528	326	Other provisions	15	79 310	64 398
<u>528</u>	<u>326</u>	<b>Total provisions</b>		<u>79 310</u>	<u>64 398</u>
		<b>Other long term liabilities</b>			
559 200	0	Bonds	10, 13	1 961 700	1 087 500
15 022	100 939	Liabilities to financial institutions	10, 13	912 380	889 999
1 161 199	1 037 254	Liabilities to subsidiaries	11	11 474	25 485
0	0	Other long term liabilities	10, 13	5 925	6 825
<u>1 735 421</u>	<u>1 138 192</u>	<b>Total other long term liabilities</b>		<u>2 891 479</u>	<u>2 009 809</u>
		<b>Current liabilities</b>			
0	0	Liabilities to financial institutions		1 234	3 450
4 437	5 046	Trade creditors		386 302	428 177
13 729	1 114	Liabilities to subsidiaries	11	12 227	0
0	0	Tax payable	12	15 604	19 553
7 008	5 848	Public duties payable		7 943	6 782
14 154	7 764	Other short term liabilities		87 992	73 669
<u>39 328</u>	<u>19 772</u>	<b>Total short term liabilities</b>		<u>511 303</u>	<u>531 631</u>
<u>1 775 277</u>	<u>1 158 291</u>	<b>Total liabilities</b>		<u>3 482 092</u>	<u>2 605 838</u>
<u>2 088 431</u>	<u>1 466 263</u>	<b>Total liabilities and equity</b>		<u>4 969 303</u>	<u>3 969 206</u>

Trondheim, 27.02.2014  
For the board of Boa Offshore AS



Ole T. Bjørnevik  
Chairman of the board



Svein O Berg  
Member of the board



Oddvar N Sørtømme  
Member of the board



Eskil Bjørnevik  
Member of the board



Siw Marita Bjørnevik  
Member of the board



Helge Kvalvik  
CEO

# Notes to 2013 annual report

## **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.

## Notes to 2013 annual report

### **Receivables**

Accounts receivable and other receivables are entered at nominal value after deducting the provision for expected losses. The provision for losses is based on an individual assessment of the separate claims.

### **Bank deposits, cash, etc.**

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

### **Revenue**

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

### **Expenses**

Expenses are recognised in the same period as the related revenues. In those instances in which there is no clear connection between expenses and revenues, the distribution is determined based on discretionary criteria. Other exceptions from the classification principle are disclosed when relevant.

### **Pensions**

#### *Contribution pension plan*

The company has a contribution-based obligatory company pension scheme for onshore personnel. This is expensed at date of payment.

#### *Performance-based scheme*

The company also has a performance-based company pension scheme for maritime personnel. The liability is valued annually and the balance is classified as long-term provisions (receivables) in the balance sheet.

### **Government subsidies**

The group receives a subsidy from the Norwegian Maritime Directorate in connection with the employment of Norwegian maritime personnel. The subsidy is entered as a reduction under the group's salary costs.

### **Taxes**

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

The Ship Owning companies is taxed by the Norwegian shipowning tax regime as of 01.01.2007.

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

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

### **Miscellaneous**

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

## Notes to 2013 annual report

### Note 2 Segments

	OCV vessels	Seismic vessels	Barges	Other / elimination	Total
Operating income	425 368	125 206	125 663	570 961	1 247 198
EBITDA	277 440	55 462	94 375	2 335	429 612
EBIT	213 228	23 073	65 086	(13 058)	288 329

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

	Parent company		Group	
	2013	2012	2013	2012
Salaries	129 232	114 347	164 791	182 463
Subsidies from Norwegian maritime Director:	0	0	0	0
Employer's national insurance contribution	12 350	10 430	14 300	12 622
Pension contribution	5 206	3 804	6 331	5 215
Other personnel expenses	4 774	4 739	6 132	-641
Hired in staff	1 089	1 116	52 433	49 683
Total personnel costs	152 650	134 436	243 986	249 342

Number of man-labour years employed	261	257	346	351
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Management remuneration	Salary	Pension cost	Other
CEO	2 358	17	438
Board of Directors	parent company		150
	group		150

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

	Amount	Interest rate	Securities
Employees	2 005	0 - 5 %	Security in fixed assets

Auditor	Parent company	Group
Audit fee for 2013 to Deloitte AS was NOK	244	927
Fee for audit related services was NOK	3	113
Fee paid to Deloitte Advokatfirma AS was NOK	265	265
Fee paid to Deloitte Tax LLP was NOK	303	303

## Notes to 2013 annual report

### Note 4 Fixed assets

#### Parent company

	Vessels	Property	Vehicles	Sum
Acquisition cost on 01.01	28 219	1 446	1 123	30 789
Additions			1 634	1 634
Disposals	-6 076		-1 123	-7 199
<b>Acquisition cost on 31.12</b>	<b>22 143</b>	<b>1 446</b>	<b>1 634</b>	<b>25 223</b>
Accumulated depreciation 01.01	13 814	0	630	14 444
Acc. depreciation disposals	-3 996		-773	-4 769
Acc. Write-down disposals				0
Depreciation this year	2 258		301	2 559
<b>Accum. depreciation 31.12.</b>	<b>12 077</b>	<b>0</b>	<b>158</b>	<b>12 235</b>
<b>Book value</b>	<b>10 067</b>	<b>1 446</b>	<b>1 475</b>	<b>12 989</b>

Economic life	10-16 years	5 years
Depreciation schedule	Linear	Linear

Annual lease amount on fixed assets not included on the balance sheet 554

#### Group

	Vessels	Ships under construction	Pictures and fitting	Property	Sum
Acquisition cost on 01.01	2 706 293	1 233 101	8 653	1 446	3 949 494
Additions	137 722	588 190	2 891	0	728 803
Disposals	-94 820	-356 851	-1 485	0	-453 155
<b>Acquisition cost on 31.12</b>	<b>2 749 196</b>	<b>1 464 440</b>	<b>10 059</b>	<b>1 446</b>	<b>4 225 141</b>
Accumulated depreciation 01.01	646 146	47 400	6 553	0	700 099
Acc. depreciation disposals	-13 595	0	-885	0	-14 480
Depreciation this year	140 493	0	1 092	0	141 585
<b>Accum. depreciation 31.12.</b>	<b>773 043</b>	<b>47 400</b>	<b>6 760</b>	<b>0</b>	<b>827 203</b>
<b>Book value</b>	<b>1 976 156</b>	<b>1 417 040</b>	<b>3 298</b>	<b>1 446</b>	<b>3 397 941</b>

Economic life	10-16 years	N/A	5 years
Depreciation schedule	Linear	N/A	Linear

Annual lease amount on fixed assets not included on the balance sheet 283 453

Leases included in acquisition cost 5 530  
 Book value of financial leases ships (liabilities) 4 378

# Notes to 2013 annual report

## Note 5 Shareholdings in subsidiaries, associated companies and joint ventures

Group	Year of acquisition	Office address	Share	Equity Dec. 31 2013	Results 2013
<b>Subsidiaries (Norwegian)</b>					
Boa Shipping AS	2000	Trondheim	100 %	344 911	-68 012
Boa OCV AS	2002	Trondheim	100 %	932 117	186 226
Boa SBL AS	2008	Trondheim	100 %	197 547	-28 566
T.A. Kittilsen Shipping AS	1998	Brevik	100 %	8 033	977
Nye Kystlink AS	2012	Trondheim	100 %	-1 857	-1 902
Det Nordenfjeldske Dampskibs:	2012	Trondheim	100 %	2 643	-37
<b>Tier subsidiaries (Norwegian)</b>					
Taubåtkompaniet AS	2008	Trondheim	100 %	48 334	-16 628
Boa Barges AS	2008	Trondheim	100 %	259 561	33 571
Boa PSV AS	2011	Trondheim	100 %	103 332	-12 332
NFDS Offshore 1 AS	2012	Trondheim	77 %	268 104	243
<b>Subsidiaries (foreign)</b>					
Boa Marine S.A	2006	Gdynia, Poland	100 %	-96	-22
Rederi AB	2005	Sweden	100 %	1 048	78
Boa Tugs AB	2011	Sweden	100 %	177	-4 208
Boa Offshore LLC	2011	USA	100 %	-7 018	-1 526
<b>Tier subsidiaries (foreign)</b>					
Boa Marine Services Inc.	2009	USA	100 %	27 648	13 382

### Fixed assets

#### Parent company

Company	Share	Acq. costs	Book value	Market value
Midnor Bestik (foundation)	0,50 %	10	10	0
Newtron Line AS		90	0	0
Så Korn Invest Midt-Norge AS	7 %	625	0	0
EMGS ASA		135	135	8
Nio Inc.		10	10	0
Åfjord Utvikling AS	3 %	6	6	0
<b>Sum</b>		<b>875</b>	<b>160</b>	<b>8</b>

#### Group

Company	Share	Acq. costs	Book value	Market value
Midnor Bestik (foundation)	0,50 %	10	10	0
Så Korn Invest Midt-Norge AS	7 %	625	0	0
EMGS ASA		135	135	8
Nio Inc.		10	10	0
Åfjord Utvikling AS	3 %	6	6	0
Taklift AS	10 %	250	250	250
<b>Sum</b>		<b>1 125</b>	<b>410</b>	<b>258</b>

## Notes to 2013 annual report

### Note 6 Long-term receivables

	Parent company		Group	
	2013	2012	2013	2012
Receivables against associated companies				
Receivables from group companies	1 096 946	817 844	144 175	113 172
Other long-term receivables	5 928	11 608	191 496	16 194
<b>Sum</b>	<b>1 102 874</b>	<b>829 452</b>	<b>335 671</b>	<b>129 366</b>

### Note 7 Shareholder information

	Shares	Equity share	Voting share
Boa Holding AS	2 000	100,00 %	100,00 %
<b>Total number of shares</b>	<b>2 000</b>	<b>100,00 %</b>	<b>100,00 %</b>

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 Boa Holding 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	227 919	307 971
Profit of the year				17 350	17 350
Dividend				-12 167	-12 167
<b>Equity 31.12.</b>	<b>2 500</b>	<b>74 447</b>	<b>3 106</b>	<b>233 101</b>	<b>313 154</b>

#### Group

#### This years change in equity

<b>Book equity on Jan. 1</b>	<b>1 363 368</b>
Year result	68 727
Dividends	-12 167
Currency differences subsidiaries	857
Subsidiaries	3 424
Paid in capital	63 000
<b>Book equity on Dec. 31</b>	<b>1 487 211</b>

#### Parent company

	Share capital	Share premium	Other restricted equity	Other equity	SUM
Equity 01.01.	2 500	74 447	3 106	1 283 314	1 363 367
Paid in capital				63 000	63 000
Profit of the year				68 727	68 727
Dividends				-12 167	-12 167
Adjustments to equity				4 285	4 285
<b>Equity 31.12.</b>	<b>2 500</b>	<b>74 447</b>	<b>3 106</b>	<b>1 407 159</b>	<b>1 487 211</b>

## Notes to 2013 annual report

### 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 53 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

	2013	2012
Net present value of pension build-up this year	882	916
Interest costs for pension obligation	267	215
Return on pension funds	-257	-204
Estimated deviation recorded	250	273
Administrative costs	107	100
Accrued employer's contribution	141	145
<b>Net costs after employer's contribution</b>	<b>1389</b>	<b>1444</b>

#### Pension obligation

	2013	2012
Pension obligation	-6 928	-6 470
Pension funds (at market value)	6 270	5 480
Accrued employer's contribution	-93	-140
Deferred obligation for (losses)/profits	4 623	3 806
<b>Net pension funds</b>	<b>3 872</b>	<b>2 678</b>

#### Financial assumptions

	2013	2012
Interest rate	4,0 %	4,2 %
Expected return	4,4 %	4,0 %
Salary increase	3,8 %	3,5 %
G-regulation	3,50 %	3,25 %
Regulation of continuous pension	0,60 %	0,20 %
Employer's contribution rate	14,1 %	14,1 %
Voluntary resignation before the age of 40	0 %	0 %
Voluntary resignation after the age of 40	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:

	2014	2015	2016	2017	2018	→
Instalments	8 251	63 200	2 771	0	500 000	0

#### Group

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

	2014	2015	2016	2017	2018	→
Instalments	116 656	190 000	935 472	70 275	863 798	358 016

A MNOK 173 loan in Boa PSV AS and a MNOK 232 loan in NFDS Offshore 1 AS are both a combined construction- and Long term loan, and as such not included in the above table.

## Notes to 2013 annual report

### Note 11 Outstanding accounts with companies within the same group

Parent company	Long term liabilities		Short term liabilities	
	2013	2012	2013	2012
Boa Holding AS			12 167	
Boa OCV AS	1 019 752	958 656		
Boa SBL AS	94 481			
Boa Eiendom AS		14 352	60	
Boa Barges AS	46 925	60 989		
T.A.Kittilsen Shipping AS				28
Boa Marine Services SA.			315	
Boa Marine Services Inc.		3 257		236
Boa Offshore LLC				
Boa Tugs AB			1 187	850
Rederi AB	40			
<b>Sum</b>	<b>1 161 199</b>	<b>1 037 254</b>	<b>13 729</b>	<b>1 114</b>

	Long term receivables		Short term receivables	
	2013	2012	2013	2012
Boa SBL AS	59 389	55 750	4 404	-1 427
Boa Holding AS	133 454	113 172		
Boa OCV AS			42 628	27 982
Boa Shipping AS	792 039	593 812		
Boa Eiendom AS	10 721		250	324
Boa Barges AS			-162	950
Taubåtkompaniet AS	17 814	20 067	76	
Boa Tugs AB		0		
Boa PSV AS	32 511	5 309		12 657
T. A. Kittilsen Shipping AS	16 264	5 791	2 083	5 404
Ship Management TBK	-16	-16		
Boa Marine Services Inc	6 189		3 432	1 418
Boa Offshore LLC	26 163	24 449		
Nye Kystlink AS	2 410			
NFDS AS	7			
NFDS Offshore 1 AS			432	
Boa Investment AS			2 275	
<b>Sum</b>	<b>1 096 946</b>	<b>818 334</b>	<b>55 418</b>	<b>47 308</b>

Group	Long term liabilities		Short term liabilities	
	2013	2012	2013	2012
Boa Holding AS	133 454	113 156		
Boa Eiendom AS	10 721			324
Boa Investment AS			2 275	
<b>Sum</b>	<b>144 175</b>	<b>113 156</b>	<b>2 275</b>	<b>324</b>

Group	Long term debt		Short term debt	
	2013	2012	2013	2012
Boa Eiendom AS		14 352	60	
Boa Holding AS	11 474	11 133	12 167	
<b>Sum</b>	<b>11 474</b>	<b>25 485</b>	<b>12 227</b>	<b>0</b>

## Notes to 2013 annual report

### Note 12 Tax

#### Parent company

<b>This years tax:</b>	<b>2013</b>	<b>2012</b>
Changes in deferred tax	7 847	3 174
Tax payable Norway	1 727	-202
Tax payable US	96	94
<b>This years tax expense</b>	<b>9 669</b>	<b>3 066</b>

<b>This years tax basis:</b>	<b>2013</b>	<b>2012</b>
Result before tax	27 019	-37 649
Permanent differences	10 908	74 586
Changes in timing differences	-25 386	-27 204
Group contribution	-37 245	-25 600
<b>This years tax basis</b>	<b>-24 704</b>	<b>-15 868</b>

<b>Tax payable in balance:</b>	<b>2013</b>	<b>2012</b>
This year's tax on profit	-	-
Tax on group contribution	-	-
Tax paid in US	-	-
SkatteFUNN tax deduction	-990	-202
<b>Tax payable in balance</b>	<b>-990</b>	<b>-202</b>

<b>Temporary differences:</b>	<b>2013</b>	<b>2012</b>
Tangible fixed assets	2 467	2 829
Receivables	-	-2 798
Profit and loss account	-87 631	-109 661
Provisions	-528	-326
Short term liabilities	3 922	2 800
Tax losses carried forward	-683 810	-659 106
Net temporary differences	-765 580	-766 261
Net deferred tax	-206 707	-214 553

## Notes to 2013 annual report

### Group:

<b>This years tax:</b>	<b>2013</b>	<b>2012</b>
Changes in deferred tax	-15 978	-17 613
Tax payable Norway	15 905	18 401
Tonnage tax	141	53
Tax payable US	2 620	989
<b>This years tax expense</b>	<b>2 687</b>	<b>1 830</b>

<b>This years tax basis, ordinary taxation:</b>	<b>2013</b>	<b>2012</b>
Result before tax	28 302	-26 661
Permanent differences	10 830	43 300
Changes in timing differences	-23 642	-32 999
Group contribution	-	-
<b>This years tax basis</b>	<b>15 489</b>	<b>-16 360</b>

<b>Calculation of tax base for the year</b>	<b>2013</b>	<b>2012</b>
Profit and loss account	52 964	66 204
Financial result	1 200	-
Loss carried forward used	-3 350	-
<b>Tax base for the year</b>	<b>50 814</b>	<b>66 204</b>

<b>Tax payable in balance:</b>	<b>2013</b>	<b>2012</b>
Calculated tonnage tax	141	90
Taxes payable	15 464	19 462
<b>Tax payable in balance</b>	<b>15 604</b>	<b>19 551</b>

<b>Temporary differences:</b>	<b>2013</b>	<b>2012</b>
Tangible fixed assets	7 825	7 789
Receivables	-965	-3 606
Profit and loss account	124 535	155 547
Provisions	-2 347	-1 397
Short term liabilities	3 922	2 800
Tax losses carried forward	-789 766	-737 711
<b>Net temporary differences</b>	<b>-656 796</b>	<b>-576 579</b>

<b>Net deferred tax</b>	<b>-177 335</b>	<b>-161 442</b>
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The shipowning companies in the group are taxed in accordance with the Norwegian shipowning tax regime.

## Notes to 2013 annual report

### Note 13 Pledges and guarantees, etc.

#### Parent company:

<b>Book debt secured by pledge:</b>	<b>2013</b>	<b>2012</b>
Debts to credit institutions	15 022	25 939
Accrued interest	312	298
<b>Total</b>	<b>15 334</b>	<b>26 237</b>

<b>Book value of pledged assets:</b>	<b>2013</b>	<b>2012</b>
Cash deposits	3 024	2 646
Vessels	5 698	7 017
<b>Total</b>	<b>8 722</b>	<b>9 664</b>

#### Book value of assets mortgaged for debt

<b>for group companies:</b>	<b>2013</b>	<b>2012</b>
Shares	280 344	280 344
Vessels	5 698	7 017
<b>Total</b>	<b>286 042</b>	<b>287 361</b>

	<b>2013</b>	<b>2012</b>
Guarantee liabilities	2 934	2 579

Boa Offshore AS is the guarantor for the fulfillment of loan obligations in Boa Barges AS, Boa PSV AS, Taubåtkompaniet AS and NFDS Offshore 1 AS.

#### Group:

<b>Book debt secured by pledge:</b>	<b>2013</b>	<b>2012</b>
Debts to credit institutions	2 320 805	1 902 499
Accrued interest	16 723	21 283
<b>Total</b>	<b>2 337 528</b>	<b>1 923 782</b>

<b>Book value of pledged assets:</b>	<b>2013</b>	<b>2012</b>
Cash deposits	304 941	151 626
Accounts receivables	90 588	61 038
Vessels	2 883 931	2 144 360
Shares/bonds	327 439	0
Group receivables	1 019 752	958 656
Inventories	0	0
<b>Total</b>	<b>4 626 651</b>	<b>3 315 680</b>

	<b>2013</b>	<b>2012</b>
Guarantee liabilities	84	112

### Note 14 Bank deposits

<b>Restricted deposits</b>	<b>Parent company</b>		<b>Group</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Employees' tax deduction	4 181	3 412	4 481	3 412
Other restricted deposits	3 020	2 643	11 997	2 643
<b>Total</b>	<b>7 201</b>	<b>6 055</b>	<b>16 478</b>	<b>6 055</b>

## Notes to 2013 annual report

### Note 15 Other appropriations for liabilities

The company is making allocations for class costs. The allocations have been made based on estimated time for next periodic class survey. Changes in estimates is spread over the remaining period up to the next drydocking.

### Note 16 Intercompany transactions

The owner of the company is Boa Holding 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.

<b>Operating transactions:</b>	<b>2013</b>	<b>2012</b>
Income		
- Mother company	18	18
- Subsidiary	194 616	153 929
- Other group companies	2 282	2 411
<b>Total revenue from operating transactions</b>	<b>196 916</b>	<b>156 358</b>
Services		
- Subsidiary	6 007	314
- Other group companies	84	
<b>Total expenses from operating transactions</b>	<b>6 091</b>	<b>314</b>
<b>Investing transactions:</b>	<b>2 013</b>	<b>2 012</b>
Shareholder contribution		
- Other group companies	4 547	
Non-cash contributions		
- Other group companies		31 971
Sale of shares / transfer of receivable		
- Other group companies	10 098	549
<b>Total investing transactions</b>	<b>14 645</b>	<b>31 971</b>
<b>Finance transactions:</b>	<b>2 013</b>	<b>2 012</b>
Interest income		
- Mother company	7 793	16 622
- Subsidiary	52 194	37 434
- Other group companies	12	
Income from guarantee commission		
- Subsidiary	10 475	13 645
<b>Total income from finance transactions</b>	<b>70 473</b>	<b>67 700</b>
Interest expense		
- Subsidiary	68 929	63 323
- Other group company	577	945
Guarantee commission		
- Mother company	149	294
<b>Total expenses from finance transactions</b>	<b>69 655</b>	<b>64 561</b>

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.

## Notes to 2013 annual report

### Group:

<b>Operating transactions:</b>	<b>2013</b>	<b>2012</b>
Income		
- Mother company	18	18
- Other group companies	2 282	2 411
<b>Total revenue from operating transactions</b>	<b>2 300</b>	<b>2 429</b>
Services		
- Other group companies	84	
<b>Total expenses from operating transactions</b>	<b>84</b>	<b>0</b>
<b>Finance transactions:</b>	<b>2013</b>	<b>2012</b>
Interest income		
- Mother company	7 793	16 622
- Other group companies	12	
<b>Total income from finance transactions</b>	<b>7 805</b>	<b>16 622</b>
Interest expense		
- Mother company		
- Other group companies	577	945
Guaratee commission		
- Mother company	149	
<b>Total expenses from finance transactions</b>	<b>727</b>	<b>945</b>

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.

# Boa Offshore AS

## Cash flow statement

Figures in 1 000 NOK

Parent company			Group	
2012	2013		2013	2012
		<b>Cash flow from operating activities</b>		
-37 649	27 019	Profit before income taxes	71 413	102 034
-30 975	-39 328	Gain on investments in subsidiaries	0	
	-96	Income tax payable	-19 553	-23 735
2 686	2 565	Depreciation and write-down	141 288	140 731
	759	Gain on sale of tangible fixed assets	-4 179	-11 281
-1		Gain on sale of financial fixed assets		
73 275	8 101	Write-down of financial fixed assets		
		Currency gain/-loss	10 994	-17 547
-23	-108	Changes in inventories	712	-773
15 887	-5 529	Changes in trade receivables	-88 054	-35 853
10 025	-1 116	Changes in other receivables	3 192	-14 268
-699	-609	Changes in trade creditors	-41 799	-30 663
-39 312	-166 143	Changes in receivables from subsidiaries	-34 754	-22 999
-5 648	7 521	Changes in other short-term liabilities	9 629	-36 111
<b>-12 434</b>	<b>-166 965</b>	<b>Net cash flow from operating activities</b>	<b>A</b>	<b>48 889</b>
		<b>Cash flow from investing activities</b>		
18 080	3 170	Sale of tangible fixed assets	321 999	154 772
-496	-1 634	Purchase of tangible fixed assets	-617 414	-243 410
450		Sale of financial fixed assets	0	450
-33 186	-1 930	Purchase of financial fixed assets	0	200
		Changes in other investments	-175 302	17 930
<b>-15 152</b>	<b>-394</b>	<b>Net cash flow from investing activities</b>	<b>B</b>	<b>-470 716</b>
		<b>Cash flow from financing activities</b>		
75 000	625 000	Raised long term liabilities	1 466 623	128 500
-36 648	-151 717	Paid in long term liabilities	-581 935	-177 861
-679	201	Changes in liabilities	14 912	24 642
32 000	30 975	Group contribution	-12 167	-11 133
		Paid in share capital	63 000	
<b>69 673</b>	<b>504 460</b>	<b>Net cash flow from financing activities</b>	<b>C</b>	<b>950 432</b>
42 087	337 101	Net changes in cash and cash equivalents	<b>A+B+C</b>	528 604
14 186	56 273	Cash and cash equivalent at 01.01		275 972
<b>56 273</b>	<b>393 374</b>	<b>Cash and cash equivalents at 31.12</b>		<b>219 597</b>

To the Annual Shareholders' Meeting of Boa Offshore AS

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Boa Offshore AS, which comprise the financial statements of the parent company, showing a profit of NOK 17.350.000,-, and the financial statements of the group, showing a profit of NOK 68.727.000,-. The financial statements of the parent company and the financial statements of the group comprise the balance sheet as at 31.12.13, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors and the Managing Director's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Boa Offshore AS and of the group as at 31.12.13, and of

its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

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

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

*Opinion on Registration and Documentation*

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

Trondheim, 28th of February 2014  
Deloitte AS

Jon Bjørnaas (signed)  
State Authorised Public Accountant (Norway)

[Translation has been made for information purposes only]