

# Quarterly Report

## Boa OCV AS

### 1Q - 2014

Org.nr. 984 158 939



# BOA OCV AS

## CEO'S REPORT - 1Q 2014

### **General Information**

The unaudited interim accounts are prepared in accordance with NGAAP.

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

The company owns and charters out offshore construction vessels "Boa Deep C" and "Boa Sub C". The main office of the company is located in Trondheim. The management is performed by Boa Offshore AS.

### **Review of first quarter 2014 accounts:**

Operating income in the period was NOK 81,9 million (NOK 99,7 million in the same period 2013).

EBITDA for the period was NOK 60,1 million (NOK 61,9 million).

Operating expenses were NOK 40,7 million (NOK 53,9 million).

Operating Profit/EBIT was NOK 41,3 million (NOK 45,8 million).

Net financial items were - NOK 8,1 million (- NOK 5,7 million).

Profit before tax was NOK 33,1 million (NOK 40,1 million).

### **Cash flow in the period**

Net cash flow from operating activities was NOK 29,9 million. (NOK 37,9 million).

Net cash flow from investing activities was - NOK 0,3 million (- NOK 0,5 million in the same period 2012).

Net cash flow from financing activities was - NOK 56,0 million (- NOK 27,2 million).

Net change in cash was - NOK 26,3 million (NOK 10,2 million).

### **Balance sheet 31.03.2014**

Total assets per 31.03.2014 were NOK 2 036 million (NOK 1 990 million per 31.03.2013). Interest bearing debt was NOK 994 million (NOK 1 068 million), and the equity NOK 982 million (NOK 867 million). The equity ratio increased to 48,2% (to 41,4%).

Cash and Cash equivalents per 31.03.2014 were NOK 179,3 million (NOK 125,5 million per 31.03.2013).

### **Financial risk:**

#### *Market risk:*

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

The interest on the company's long-term debt is partly firm due to two interest swaps.

#### *Credit risk:*

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

#### *Liquidity risk:*

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

**Events after the balance sheet date:**

There have been no events after the end of the financial year that would have material impact on the evaluation of the company's profit and loss account or balance sheet.

**Future development:**

The scheduled 10 year class survey/docking of the Boa Deep C was earlier planned to be done in first quarter, but later postponed into second quarter 2014. The docking is now completed, but the docking period will reduce operating income in second quarter.

The market outlook for the subsea segment remains relatively strong. Boa Sub C is leased on long-term contract to mid 2015, while Boa Deep C is chartered by Boa Offshore AS' US entity (BOA Marine Services Inc) for the remainder of the year and will perform a number of short term contracts in the US GoM. There are promising opportunities for long-time contracts on both vessels from 2015.

**Statement from the Managing Director/CEO**

I hereby declare that to the best of my knowledge the interim accounts for the first quarter of 2014 are prepared in accordance with NGAAP – Interim financial reporting, and that the information in the financial statements gives a true picture of the company's assets, liabilities, financial position and result as a whole, as well as the most important risk and uncertainty factors to which the company might be exposed in the next financial period.

Trondheim, 30 May 2014



Helge Kvalvik  
CEO

**Income statement**  
**Boa OCV AS**

*(figures in NOK 1 000)*

	<b>YTD</b> <b>3 / 2014</b>	<b>YTD</b> <b>3 / 2013</b>	<b>FY</b> <b>2013</b>
<b>Operating income and operating exp.</b>			
Operating income	81 938	99 727	425 368
<b>Operating income</b>	<b>81 938</b>	<b>99 727</b>	<b>425 368</b>
Operating expenses ships	5 458	12 222	48 708
Payroll expenses	13 251	19 745	74 523
Depreciation	18 840	16 053	64 212
Other operating expenses	3 108	5 910	24 697
<b>Operating expenses</b>	<b>40 658</b>	<b>53 930</b>	<b>212 140</b>
<b>Operating profit</b>	<b>41 280</b>	<b>45 797</b>	<b>213 228</b>
<b>Financial income and expences</b>			
Interest income from group entities	14 332	15 601	61 097
Other interest income	0	0	1 854
Other financial income	5 751	6 068	14 868
Interest expenses to group entities	0	0	0
Other interest expenses	22 025	25 721	95 824
Other financial expenses	6 161	1 657	8 084
<b>Net financial income and expences</b>	<b>-8 103</b>	<b>-5 709</b>	<b>-26 090</b>
<b>Operating result before tax</b>	<b>33 177</b>	<b>40 088</b>	<b>187 138</b>
Tax	15	0	913
<b>Result after tax</b>	<b>33 161</b>	<b>40 088</b>	<b>186 226</b>

**Balance sheet**  
**Boa OCV AS**

*(figures in NOK 1 000)*

	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.12.2013</b>
<b>Assets</b>			
<b>Fixed assets</b>			
Ships	760 928	863 211	814 538
<b>Total tangible fixed assets</b>	<b>760 928</b>	<b>863 211</b>	<b>814 538</b>
<b>Financial fixed assets</b>			
Loan to group companies	1 019 752	958 656	1 019 752
<b>Total financial receivables</b>	<b>1 019 752</b>	<b>958 656</b>	<b>1 019 752</b>
<b>Total fixed assets</b>	<b>1 780 680</b>	<b>1 821 867</b>	<b>1 834 290</b>
<b>Current assets</b>			
Inventories	5 659	0	0
<b>Debtors</b>			
Accounts receivables	25 375	22 819	40 050
Other receivables	27 352	5 128	14 322
Group receivables	17 906	15 607	0
<b>Total debtors</b>	<b>70 633</b>	<b>43 554</b>	<b>54 372</b>
Cash and bank deposits	179 275	125 488	205 596
<b>Total current assets</b>	<b>255 567</b>	<b>169 042</b>	<b>259 968</b>
<b>Total assets</b>	<b>2 036 247</b>	<b>1 990 908</b>	<b>2 094 258</b>

**Balance sheet**  
**Boa OCV AS**

(figures in NOK 1 000)

	31.03.2014	31.03.2013	31.12.2013
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	100	100	100
Share premium	80 108	80 108	80 108
Other restricted equity	14 445	14 445	14 445
<b>Total restricted equity</b>	<b>94 653</b>	<b>94 653</b>	<b>94 653</b>
<b>Retained earnings</b>			
Other equity	853 967	688 484	837 465
This years retained earnings	33 161	40 088	
<b>Total retained earnings</b>	<b>887 129</b>	<b>728 572</b>	<b>837 465</b>
<b>Total equity</b>	<b>981 781</b>	<b>823 224</b>	<b>932 117</b>
<b>Liabilities</b>			
<b>Provisions</b>			
Other provisions	1 928	39 276	53 475
<b>Total provisions</b>	<b>1 928</b>	<b>39 276</b>	<b>53 475</b>
<b>Other long term liabilities</b>			
Bonds	993 750	1 068 750	1 012 500
<b>Total of other long term liabilities</b>	<b>993 750</b>	<b>1 068 750</b>	<b>1 012 500</b>
<b>Current liabilities</b>			
Trade creditors	20 967	15 397	22 125
Group liabilities	0	17 135	37 245
Tax payable	505	847	1 331
Other short term liabilities	37 317	26 279	35 465
<b>Total short term liabilities</b>	<b>58 788</b>	<b>59 658</b>	<b>96 166</b>
<b>Total liabilities</b>	<b>1 054 466</b>	<b>1 167 684</b>	<b>1 162 141</b>
<b>Total equity and liabilities</b>	<b>2 036 247</b>	<b>1 990 908</b>	<b>2 094 258</b>

## Cash flow report

Figures in 1 000 NOK	Note	3/2014	3/2013	2013
<b>Cash flow from operating activities</b>				
Profit before income taxes		33 177	40 088	187 138
Paid in tax		-826	-805	-1 652
Depreciation		18 840	16 053	64 212
Changes in trade receivables and creditors		13 517	1 109	-8 588
Changes in receivables from group entities	1.	-17 906	-18 130	-64 426
Changes in other short-term receivables and liabilities		-16 854	-407	14 201
<b>Net cash flow from operating activities</b>		<b>29 948</b>	<b>37 908</b>	<b>190 886</b>
<b>Cash flow from investing activities</b>				
Purchase of fixed assets		-274	-514	-
<b>Net cash flow from investing activities</b>		<b>-274</b>	<b>-514</b>	<b>-</b>
<b>Cash flow from financing activities</b>				
Repayment of long term liabilities		-18 750	-18 750	-75 000
Group contribution		-37 245	-8 466	-25 600
<b>Net cash flow from financing activities</b>		<b>-55 995</b>	<b>-27 216</b>	<b>-100 600</b>
Net changes in cash and cash equivalents		-26 321	10 178	90 286
Cash and cash equivalents at 01.01		205 596	115 310	115 310
<b>Cash and cash equivalents at 31.12</b>		<b>179 275</b>	<b>125 488</b>	<b>205 596</b>

1. The changes in receivables from group entities does not include the group contribution.

## Notes to 1Q 2014 report

### Note 1 Accounting principles / general information

The quarterly report is unaudited and is prepared in compliance with NGAAP using the same principles as in the last financial year, except the following explained change of principle.

#### Change of principle - classification cost

##### Former principle

The group companies was making allocations for class costs. The allocations was made based on estimated time for next periodic class survey. Changes in estimates were spread over the remaining period up to the next drydocking.

##### New principle

From 01.01.2014 the cost of periodic maintenance of vessels is capitalized as dry-docking costs and depreciated over the useful lifetime of the parts replaced.

#### Miscellaneous

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

#### Events after the balance date

There have been no significant events taking place after the balance date.

### Note 2 Fixed assets

	Vessels	Drydocking	Total
Acquisition cost start period	1 295 411		1 295 411
Additions	275	38 995	39 270
Disposals			0
Corr. due to change of princ.	-121 518		-121 518
<b>Acquisition cost end period</b>	<b>1 174 168</b>	<b>38 995</b>	<b>1 213 162</b>
Accumulated depr. start period	480 873		480 873
Acc. depreciation disposals			0
Depreciation this year	15 188	3 653	18 840
Corr. due to change of princ.	-47 479		-47 479
<b>Accum. depreciation end period</b>	<b>448 582</b>	<b>3 653</b>	<b>452 234</b>
<b>Book value end period</b>	<b>725 586</b>	<b>35 342</b>	<b>760 928</b>
Economic life	20		
Depreciation schedule	Linear	Linear	

### Note 3 Shareholder's equity

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity start period	100	80 108	14 445	837 465	932 118
Profit of the year				33 161	33 161
Change of principles				16 502	16 502
<b>Equity end period</b>	<b>100</b>	<b>80 108</b>	<b>14 445</b>	<b>887 128</b>	<b>981 781</b>



## Notes to 1Q 2014 report

### Note 4 Income statement - summary

	1Q 2014	1Q 2013	FY 2013
<b>Operating income</b>	<b>81 938</b>	<b>99 727</b>	<b>425 368</b>
Operating expences	21 818	37 877	147 928
<b>EBITDA</b>	<b>60 120</b>	<b>61 850</b>	<b>277 440</b>
EBITDA %	73 %	62 %	65 %
Depreciation	18 840	16 053	64 212
<b>EBIT</b>	<b>41 280</b>	<b>45 797</b>	<b>213 228</b>
Net finance	-8 103	-5 709	-26 090
<b>Pre tax profit</b>	<b>33 177</b>	<b>40 088</b>	<b>187 138</b>
Tax	15	-	913
<b>Net profit</b>	<b>33 161</b>	<b>40 088</b>	<b>186 226</b>