



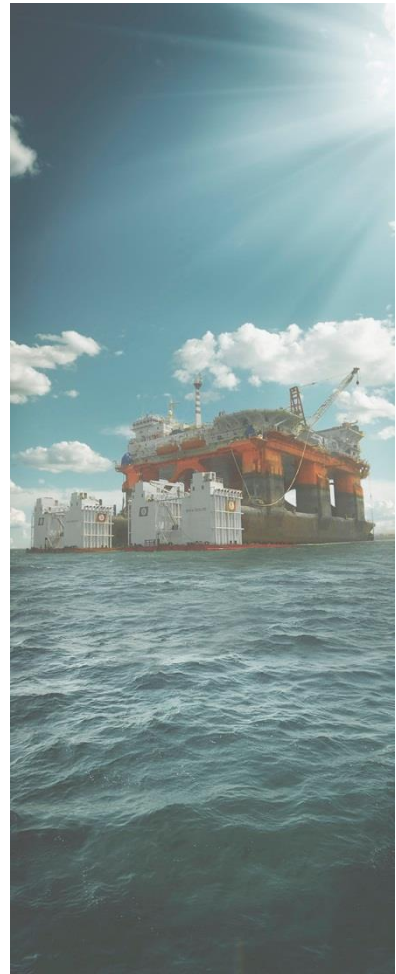
BOA

Quarterly Report

Boa OCV AS

2Q - 2016

Org.nr. 984 158 939



BOA OCV AS

CEO'S REPORT – 2Q 2016

General information:

The unaudited interim report is prepared in accordance with NGAAP.

Nature and location of activities:

The company owns and subsequently charters out the offshore construction vessels "Boa Deep C" and "Boa Sub C". Management of these vessels is undertaken by Boa Offshore AS.

Review of second quarter 2016 accounts:

Operating income in the period was mNOK 100,8 (mNOK 110,7 in the same period in 2015).

Operating expenses were mNOK 96,3 (mNOK 38,8).

EBITDA for the period was mNOK 19,1 (mNOK 87,3).

Operating Profit/EBIT was mNOK 4,5 (mNOK 71,9).

Net financial items were mNOK -9,2 (mNOK -21,1).

Profit before tax was mNOK -4,7 (mNOK 50,8).

Cash flow in the period:

Net cash flow from operating activities was mNOK 0,6 (mNOK 15,9 in the same period 2015).

Net cash flow from investing activities was mNOK 0,0 (mNOK -3,8).

Net cash flow from financing activities was mNOK - 25,0 (mNOK -25,0).

Net change in cash was mNOK -24,4 (mNOK -13,0).

Balance sheet 30.06.2016:

Total assets per 30.06.2016 were mNOK 1 421 (mNOK 1 480 per 30.06.2015). Interest bearing debt was mNOK 1 050 (mNOK 1 150), and the equity mNOK 268 (mNOK 292). The equity ratio increased to 18,8 % from last quarter 18,5 % (19,8 % per 30.06.2015).

Cash and Cash equivalents per 30.06.2016 were mNOK 98,4 (mNOK 139,5 per 30.06.2015).

Events in the period:

Operational costs in the period increased as additional scope has been added for new contracts. Provisions for expected losses have been made.

Financial risk:

Interest risk

The company is exposed to interest rate fluctuations on long-term debt. At present no fixed interest rate or other interest rate hedge exists.

Currency risk

The company is exposed to currency risk as revenues and costs are denominated in various currencies. Most of the company's earnings are in USD. However this currency risk is to a certain degree reduced by the company also having certain operating costs denominated in USD. The company continuously monitors the currency markets and reduces currency exposure when appropriate by entering into forward agreements or other financial contracts to reduce currency risk.

Liquidity risk

The company's liquidity position of 30.06.2016 is mNOK 98,4. The company is financed by debt and equity. The company has a bond of mNOK 1200 listed at Oslo Stock Exchange Nordic ABN with maturity date in October 2019, and outstanding bond amount per 30.06.2016 is mNOK 1050. If the company fails to repay or refinance its loan facility, additional equity financing may be required. If the current market conditions persists there is no assurance that the company will not experience cash flow shortfall or to remain in compliance with minimum cash requirements.

Credit risk

The company is 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 company's credit risk. Certain provisions for loss on receivables have been made in the reported figures.

Events after the balance sheet date:

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

Future development:

The short to medium term outlook for the subsea segment remains uncertain and challenging due to the drop in oil prices from mid-2014. A number of offshore projects have been postponed and scrapped as oil companies focus to a greater extent on cash flow due to the lower oil prices. Ongoing and sanctioned projects will ensure a certain activity level in the subsea sector in the short to medium term. The same goes for IMR and subsea well-related services, which is less cyclical than the installation segment. Furthermore, costs in the oil and gas industry have adjusted accordingly and decreased as a result. A recovery in the sector can therefore most likely be seen at lower oil prices than those before the drop in mid-2014. However, timing and magnitude of such a recovery remains uncertain. Despite oil price recovering from around USD 30/bbl at the beginning of 2016 towards USD 50/bbl at present, tendering activity has not picked up. Moreover, competition is increasing as a number of subsea vessels in the market roll off from long-term legacy contracts. This especially applies for the mid-end segment where the Boa Deep C is operating. Dayrates are therefore also continuously under pressure.

The long-term market outlook for the subsea segment remains prospective. Deepwater oil and gas reserves come at a marginal cost lower than a number of other sources of oil and gas, and a significant part of discovered oil and gas reserves over the last decade has been made in offshore deepwater. Thus we believe that deepwater and subsea will remain one of the most important growth opportunities for oil companies also in the coming decade.

During the first half of 2016 Boa Sub C performed a number of short-term assignments in West Africa and has now mobilized for a medium term contract in the US GoM. The vessel will most likely stay busy for the remainder of the year. The Boa Deep C contract in South America, a project led by international Oil Majors, was in early July terminated by the clients ahead of firm contract period expiry. Despite the current soft market, there are still some opportunities for short and medium-term contracts in particular for next summer. Unless the company is able to secure any new contracts over the next few months, stacking of vessels will be considered.

Statement from the CEO

I hereby declare that to the best of my knowledge the interim accounts for the second quarter of 2016 are prepared in accordance with NGAAP – Interim financial reporting, and that the information in the financial statements portrays a true picture of the company's assets, liabilities, financial position and result as a whole, as well as the more important risk and uncertainty factors to which the company might be exposed in the next financial period.

Trondheim, 29 August 2016



Helge Kvalvik
CEO

Income Statement Boa OCV AS

	2Q 2016	YTD 2016	2Q 2015	YTD 2015
<i>(figures in NOK 1 000)</i>				
Operating income and operating expenses				
Operating income	100 789	157 307	110 712	213 602
Operating income	100 789	157 307	110 712	213 602
Operating expenses vessels	35 623	84 728	8 346	19 359
Payroll expenses	24 213	44 887	13 944	25 364
Depreciation and write down	14 570	28 559	15 368	30 956
Other operating expenses	21 901	29 255	1 142	3 152
Total operating expenses	96 308	187 428	38 800	78 831
Operating result	4 481	-30 121	71 912	134 771
Financial income and expenses				
Interest income from group companies	9 208	18 417	8 618	17 142
Other interest income	43	95	171	572
Other financial income	4 002	4 695	5 047	16 053
Other interest expenses	19 281	41 359	23 602	47 541
Other financial expenses	3 165	9 229	11 339	22 765
Financial result	-9 192	-27 381	-21 104	-36 538
Result before tax	-4 711	-57 502	50 808	98 233
Tax on ordinary result				
Result after tax	-4 711	-57 502	50 808	98 233

Balance sheet
Boa OCV AS

	30.06.2016	30.06.2015	31.12.2015
<i>(figures in NOK 1 000)</i>			
Fixed assets			
Intangible fixed assets			
Deferred tax asset	12 638	9 043	12 638
Total intangible fixed assets	12 638	9 043	12 638
Tangible fixed assets			
Vessels	712 424	759 261	734 653
Total tangible fixed assets	712 424	759 261	734 653
Financial fixed assets			
Loans to group companies	539 681	505 113	539 681
Total financial fixed assets	539 681	505 113	539 681
Total fixed assets	1 264 743	1 273 417	1 286 972
Current assets			
Inventories	4 300		8 259
Receivables			
Trade receivables	30 417	41 782	19 004
Receivables from group companies	652	17 142	3 428
Other receivables	22 684	7 899	9 000
Total receivables	53 753	66 823	31 432
Cash and bank deposits	98 373	139 511	147 489
Total current assets	156 426	206 334	187 180
Total assets	1 421 170	1 479 751	1 474 152

Balance sheet
Boa OCV AS

	30.06.2016	30.06.2015	31.12.2015
<i>(figures in NOK 1 000)</i>			
Equity and liabilities			
Restricted equity			
Share capital	100	100	100
Share premium	80 108	80 108	80 108
Other restricted equity	14 445	14 445	14 445
Total restricted equity	94 653	94 653	94 653
Retained earnings			
Other equity	173 136	197 657	230 639
Total retained earnings	173 136	197 657	230 639
Total equity	267 789	292 310	325 292
Liabilities			
Other long term liabilities			
Bonds	1 050 000	1 150 000	1 100 000
Total long term liabilities	1 050 000	1 150 000	1 100 000
Short time liabilities			
Trade creditors	39 813	14 957	14 587
Liabilities to group companies	30 549		8 174
Tax payable	-198	-248	839
Other short term liabilities	33 216	22 733	25 261
Total short term liabilities	103 381	37 442	48 861
Total liabilities	1 153 381	1 187 442	1 148 861
Total liabilities and equity	1 421 170	1 479 751	1 474 152

Cash flow report

Figures in 1 000 NOK	2Q 2016	YTD 2016	2Q 2015	YTD 2015
Cash flow from operating activities				
Profit before income taxes	-4 711	-57 502	50 808	98 233
Paid in tax	-519	-1 037	-643	-1 285
Depreciation/write-down	29 570	43 559	15 368	30 956
Changes in trade receivables and creditors	11 350	-1 187	-42 629	-27 010
Changes in receivables from group entities	10 803	25 151	-8 618	-17 142
Changes in other short-term receivables and liabilities	-45 905	-159	1 597	-20 109
Net cash flow from operating activities	588	8 825	15 883	63 643
Cash flow from investing activities				
Purchase of fixed assets	0	-7 940	-3 846	-8 353
Net cash flow from investing activities	0	-7 940	-3 846	-8 353
Cash flow from financing activities				
Repayment of long term liabilities	-25 000	-50 000	-25 000	-50 000
Group contribution			0	-50 000
Net cash flow from financing activities	-25 000	-50 000	-25 000	-100 000
Net changes in cash and cash equivalents	-24 412	-49 115	-12 963	-44 711
Cash and cash equivalents start at period	122 785	147 489	152 474	184 222
Cash and cash equivalents end of period	98 374	98 374	139 512	139 512

Notes to 2Q 2016 report

Note 1 Accounting principles / general information

The quarterly report is unaudited and prepared in compliance with NGAAP using the same principles as the last financial year.

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	Periodic maintenance	Total
Acquisition cost 01.01.16	1 287 314	143 311	1 430 625
Additions	0	7 940	7 940
Disposals	-1 610	0	-1 610
Acquisition cost 30.06.16	1 285 704	151 251	1 436 955
Accumulated depr. 01.01.16	614 705	81 267	695 972
Depreciation this period	18 647	10 551	29 199
Write-down this period	0	-640	-640
Accum. depreciation 30.06.16	633 352	91 178	724 531
Book value 30.06.16	652 351	60 073	712 424
Economic life	27	2,5 - 10	
Depreciation schedule	Linear	Linear	

Note 3 Shareholder's equity

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.16	100	80 108	14 445	230 639	325 291
Profit for the period	0	0	0	-57 502	-57 502
Equity 30.06.16	100	80 108	14 445	173 137	267 789

Notes to 2Q 2016 report

Note 4 **Income statement - summary**

	2Q 2016	YTD 2016	2Q 2015	YTD 2015
Operating income	100 789	157 307	110 712	213 602
Operating expences	81 738	158 869	23 432	47 875
EBITDA	19 051	-1 562	87 280	165 727
EBITDA %	19 %	-1 %	79 %	78 %
Depreciation	14 570	28 559	15 368	30 956
EBIT	4 481	-30 121	71 912	134 771
Net finance	-9 192	-27 381	-21 104	-36 538
Pre tax profit	-4 711	-57 502	50 808	98 233
Tax	-	-	-	-
Net profit	-4 711	-57 502	50 808	98 233