



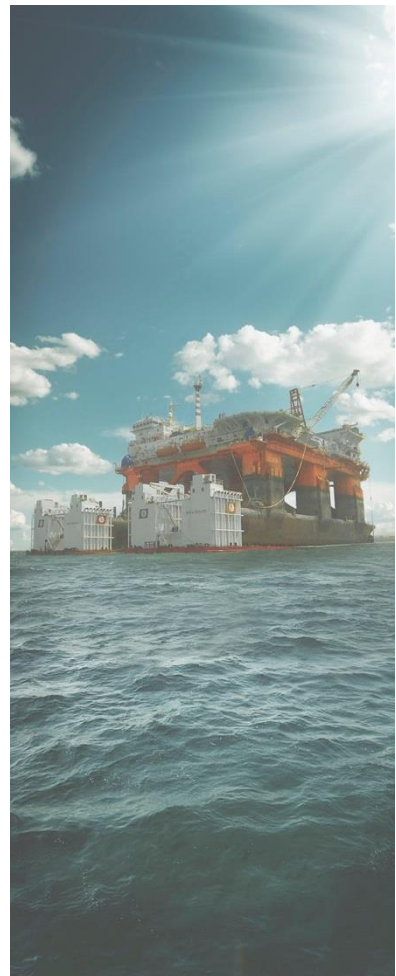
BOA

Quarterly Report

Boa OCV AS

4Q - 2017

Org.nr. 984 158 939



BOA OCV AS

CEO'S REPORT – 4Q 2017

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 the vessels is undertaken by Boa Management AS.

Review of fourth quarter 2017 accounts:

Operating income in the period was mNOK 50,8 (mNOK 23,9 in the same period in 2016).

EBITDA for the period was mNOK 4,7 (mNOK -24,6).

Operating expenses were mNOK 59,5 (mNOK 64,7).

Operating Profit/EBIT was mNOK -8,8 (mNOK -40,8).

Net financial items were mNOK -24,4 (mNOK -8,8).

Profit before tax was mNOK -33,1 (mNOK -49,6).

Net deferred tax asset of mNOK 14,3 has been reversed.

Cash flow in the period:

Net cash flow from operating activities was mNOK 30,4 (mNOK 25,6 in the same period 2016).

Net cash flow from investing activities was mNOK -0,7 (mNOK -6,0).

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

Net change in cash was mNOK 29,7 (mNOK -5,4).

Balance sheet 31.12.2017:

Total assets per 31.12.2017 were mNOK 967 (mNOK 1 384 per 31.12.2017). Interest bearing debt was mNOK 1.078 (mNOK 1.000), and the equity mNOK -165 (mNOK 192). The equity ratio decreased to -17,1% from last quarter -11,7% (13,9 % per 31.12.2016).

Cash and Cash equivalents per 31.12.2017 were mNOK 126,7 (mNOK 45,0 per 31.12.2016).

Financial risk:

Interest risk

At present the interest cost is fixed and is carried as non-cash PIK-interest.

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 and EUR. However this currency risk is to a certain degree reduced by the company also having certain operating costs denominated in USD and EUR. 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 31.12.2017 is mNOK 126,7. The company is financed by debt and equity. The company has a bond of mNOK 1 200 listed at Oslo Stock Exchange Nordic ABM with maturity date in 2020, and outstanding bond amount per 31.12.2017 is mNOK 1 078.

After the financial restructuring completed in July 2017 interest cost in Boa OCV AS is carried as non-cash PIK interest, where accrued interest will be added to the outstanding debt on a quarterly basis as PIK bonds.

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.

Events after the balance sheet date:

There have been no significant events after the end of the fourth quarter that have material impact on the evaluation of the company's profit and loss account or balance sheet as of 31.12.2017.

TBK Asset realization – update:

Boa Eiendom AS (Eiendom) has sold all significant assets except their Boa Unsec' bonds holding. The sale include the following assets; Shares in Trondheim Maritime Senter AS and Fremo Næringspark AS, the real estate in Ånn in Sweden, two helicopters internally to Nordenfjeldske Luftfart AS (NFL) and the shares in Royal Garden.

Eiendom has earlier received its part of the Initial Cash Distribution on its bonds holding (Boa Unsec), and has in this quarter received its part of the TBK asset realization (gross mNOK 17,5 in the beginning of October, gross mNOK 13 in the beginning of December and gross mNOK 15 in the end of December).

Boa Investment AS (Investment) and the subsidiary Nordenfjeldske Luftfart AS (NFL); NFL has previously sold their shares in Helitrans AS. The helicopters are on a dry lease to Helitrans until February 2020. The lease has a three month termination clause for the lessee and also a first right to buy the helicopters. A total of five helicopters are sold externally. Of this, two smaller helicopters are sold in October and insurance settlement for one of the helicopters was received in November. The current cash position in Investment/NFL is approximately mNOK 15.

Intercompany claims in NFL/Investment are or will be settled as part of the process, and to the extent agreed upon with financial creditors in the respective companies. Clarification with financial creditors is ongoing.

The total distribution in 4Q 2017 was mNOK 45,5. The estimated total distribution from the TBK Asset realization is unchanged and still in the range of mNOK 80-120.

Future development:

The short to medium term outlook for the subsea vessel segment remains challenging. However, based on oil prices above USD55-60/bbl it is anticipated that the subsea market will pick gradually up in coming years. This will most likely not translate into higher income before 2019-2020, and 2018 is therefore expected to be at least as challenging as 2017 from an earnings perspective.

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 important for oil companies also in the future.

Boa Sub C ended its contract in the North Sea in December and has since completed the 10-year class survey. Boa Deep C has entered into a new 6+ 6 months contract in West Africa and commenced work in January. There are some short to medium term prospects for work in 2018 for Boa Sub C. However, competition for these contracts is stiff and dayrates are expected to remain subdued.

Unless the company is able to secure new contracts in due course, stacking of the vessel(s) will be considered.

Statement from the CEO:

I hereby declare that to the best of my knowledge the interim accounts for the fourth quarter of 2017 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, 28 February 2018



Helge Kvalvik
CEO

Income Statement Boa OCV AS

	4Q 2017	FY 2017	4Q 2016	FY 2016
<i>(figures in NOK 1 000)</i>				
Operating income and operating expenses				
Operating income	50 763	260 695	23 865	214 805
Operating income	50 763	260 695	23 865	214 805
Operating expenses vessels	25 540	123 832	29 634	131 058
Payroll expenses	15 661	65 989	10 807	70 214
Depreciation and write down	13 456	56 239	16 237	59 894
Other operating expenses	4 876	20 513	8 003	42 005
Total operating expenses	59 533	266 573	64 681	303 171
Operating result	-8 771	-5 878	-40 816	-88 366
Financial income and expenses				
Interest income from group companies	508	22 229	9 310	37 036
Other interest income	47	105	66	212
Other financial income	4 421	10 738	2 039	7 709
Interest expense to group companies	0	1 312	663	663 469
Other interest expenses	25 675	86 852	17 553	76 692
Other financial expenses	3 650	279 876	1 956	12 547
Financial result	-24 350	-334 967	-8 759	-44 946
Result before tax	-33 120	-340 845	-49 575	-133 312
Tax on ordinary result	16 980	16 980	-337	-337
Result after tax	-50 100	-357 825	-49 238	-132 975

Balance sheet
Boa OCV AS

	31.12.2017	31.12.2016
<i>(figures in NOK 1 000)</i>		
Fixed assets		
Intangible fixed assets		
Deferred tax asset	0	14 264
Total intangible fixed assets	<u>0</u>	<u>14 264</u>
Tangible fixed assets		
Vessels	641 994	687 132
Total tangible fixed assets	<u>641 994</u>	<u>687 132</u>
Financial fixed assets		
Loans to group companies	149 832	576 717
Other receivables	475	
Total financial fixed assets	<u>150 307</u>	<u>576 717</u>
Total fixed assets	<u>792 301</u>	<u>1 278 113</u>
Current assets		
Inventories	2 077	7 431
Receivables		
Trade receivables	36 702	6 033
Receivables from group companies	38	41 027
Other receivables	8 973	6 420
Total receivables	<u>45 712</u>	<u>53 479</u>
Cash and bank deposits	126 718	44 953
Total current assets	<u>174 507</u>	<u>105 864</u>
Total assets	<u>966 808</u>	<u>1 383 977</u>

Balance sheet
Boa OCV AS

	31.12.2017	31.12.2016
<i>(figures in NOK 1 000)</i>		
Equity and liabilities		
Restricted equity		
Share capital	100	100
Share premium	80 108	80 108
Other restricted equity	14 445	14 445
Total restricted equity	94 653	94 653
Retained earnings		
Other equity	-260 161	97 664
Total retained earnings	-260 161	97 664
Total equity	-165 509	192 316
Liabilities		
Other long term liabilities		
Bonds	1 078 427	1 000 000
Liabilities to group companies	0	55 363
Total long term liabilities	1 078 427	1 055 363
Short time liabilities		
Trade creditors	18 303	38 579
Liabilities to group companies	286	69 460
Tax payable	497	634
Other short term liabilities	34 803	27 625
Total short term liabilities	53 889	136 298
Total liabilities	1 132 316	1 191 661
Total liabilities and equity	966 808	1 383 977

Cash flow report

Figures in 1 000 NOK	4Q 2017	FY 2017	4Q 2016	FY 2016
Cash flow from operating activities				
Profit before income taxes	-33 120	-340 844	-49 575	-133 312
Payment in kind bonds (PIK-bonds)	21 750	78 427	0	0
Paid in tax	-2 027	-2 807	-457	-1 495
Depreciation/write-down	13 456	56 239	16 237	74 894
Write-down receivables from group entities	0	254 179	0	0
Changes in trade receivables and creditors	19 656	-50 945	8 256	21 963
Changes in receivables from group entities	13 158	89 158	20 655	42 014
Changes in other short-term receivables and liabilities	-2 510	9 457	30 519	7 381
Net cash flow from operating activities	30 364	92 865	25 637	11 447
Cash flow from investing activities				
Purchase of fixed assets	-705	-11 101	-6 043	-13 983
Net cash flow from investing activities	-705	-11 101	-6 043	-13 983
Cash flow from financing activities				
Repayment of long term liabilities	0	0	-25 000	-100 000
Net cash flow from financing activities	0	0	-25 000	-100 000
Net changes in cash and cash equivalents	29 659	81 763	-5 406	-102 536
Cash and cash equivalents start at period	97 059	44 953	50 360	147 489
Cash and cash equivalents end of period	126 718	126 718	44 953	44 953

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.

Note 2 Fixed assets

	Vessels	Periodic maintenance	Total
Acquisition cost 01.01.17	1 209 224	123 806	1 333 030
Additions	0	11 101	11 101
Disposals	0	0	0
Acquisition cost 31.12.2017	1 209 224	134 908	1 344 131
Accumulated depr. and write-down 01.01.17	571 672	74 226	645 898
Depreciation this period	37 632	18 137	55 769
Write-down this period	470	0	470
Accum. depreciation 31.12.2017	609 774	92 364	702 138
Book value 31.12.2017	599 450	42 544	641 994
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 01.01.17	100	80 108	14 445	97 664	192 316
Profit for the period	0	0	0	-357 825	-357 825
Equity 31.12.2017	100	80 108	14 445	-260 161	-165 509

Notes to 4Q 2017 report

Note 4 **Income statement - summary**

	4Q 2017	FY 2017	4Q 2016	FY 2016
Operating income	50 763	260 695	23 865	214 805
Operating expences	46 077	210 334	48 444	243 277
EBITDA	4 686	50 361	-24 579	-28 472
EBITDA %	9 %	19 %	0 %	0 %
Depreciation and write-down	13 456	56 239	16 237	59 894
EBIT	-8 770	-5 878	-40 816	-88 366
Net finance	-24 350	-334 967	-8 759	-44 946
Pre tax profit	-33 120	-340 845	-49 575	-133 312
Tax	16 980	16 980	-337	-337
Net profit	-50 100	-357 825	-49 238	-132 975

Note 5 **Utilization, income and expenses per vessel**

4Q 2017	Boa Deep C	Boa Sub C
Operating income	27 001	23 761
Operating expenses	24 478	21 597
EBITDA	2 523	2 164
Utilization	85 %	75 %