



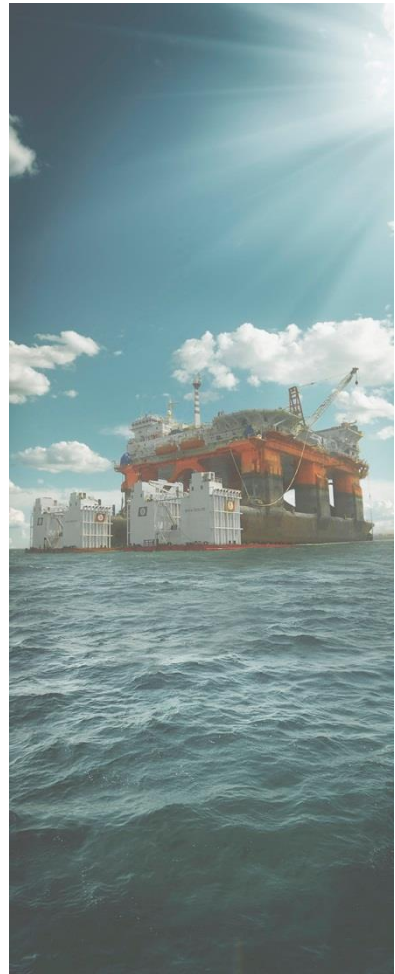
BOA

Quarterly Report

Boa OCV AS

3Q - 2017

Org.nr. 984 158 939



BOA OCV AS

CEO'S REPORT – 3Q 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 these vessels is undertaken by Boa Management AS.

Review of third quarter 2017 accounts:

Operating income in the period was mNOK 71,8 (mNOK 33,6 in the same period in 2016).

Operating expenses were mNOK 61,9 (mNOK 51,1).

EBITDA for the period was mNOK 23,3 (mNOK -2,3).

Operating Profit/EBIT was mNOK 9,9 (mNOK -17,4).

Net financial items were mNOK -29,8 (mNOK -8,8).

Profit before tax was mNOK -19,9 (mNOK -26,2).

Cash flow in the period:

Net cash flow from operating activities was mNOK 85,7 (mNOK -23,0 in the same period 2016).

Net cash flow from investing activities was mNOK -3,5 (mNOK 0,0).

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

Net change in cash was mNOK 82,2 (mNOK -48,0).

Balance sheet 30.09.2017:

Total assets per 30.09.2017 were mNOK 984 (mNOK 1 383 per 30.09.2016). Interest bearing debt was mNOK 1.057 (mNOK 1025), and the equity mNOK -115 (mNOK 242). The equity decreased to -11,7% from last quarter -8,4% (17,5 % per 30.09.2016).

Cash and Cash equivalents per 30.09.2017 were mNOK 97,1 (mNOK 50,4 per 30.09.2016).

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 30.09.2017 is mNOK 97,1. 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 30.09.2017 is mNOK 1 057.

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 in the period:

The financial restructuring of Boa Group was completed in July. The restructuring includes for the outstanding Boa Group corporate bonds extended maturity dates to December 2020, interest cost to be carried as PIK interest, certain immediate and future cash distributions, and full amortization holiday until maturity with the exception of certain cash sweep and distribution mechanisms. 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. Also all intercompany loans have been discharged or significantly reduced as a part of the solution.

The new financial model also includes a change to the corporate legal structure, where management of the Group's vessels now is performed by Boa Management AS instead of previously Boa Offshore AS.

Boa OCV AS received mNOK 88,5 as gross initial cash distribution from Boa Offshore AS at closing.

Events after the Balance sheet date:

There have been no significant events after the end of the third quarter that have material impact on the evaluation of the Group's profit and loss account or balance sheet as of 30.09.2017.

TBK Asset realization – update:

Boa Eiendom AS (Eiendom) has sold the following assets; Shares in Trondheim Maritime Senter AS and Fremo Næringspark AS, the real estate in Ånn in Sweden, as well as their two helicopters internally to Nordenfjeldske Luftfart AS (NFL). The shares in Royal Garden are expected to be sold at debt in December. Following this, no significant assets remains in Eiendom except their Boa Unsec' bonds holding. Eiendom has earlier received their part of the Initial Cash Distribution on its bonds holding (Boa Unsec), as well as its part of the first TBK asset realization in the beginning of October (gross mNOK 17,5). After the balance sheet date proceeds from the helicopter sale has been received and it is notified that a second TBK asset realization will take place 1st December with gross mNOK 13.

Boa Investment AS (Investment) and the subsidiary 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 (payment due early December) and insurance settlement for one of the helicopters has been received in November. The sales process continues. The current cash position in Investment/NFL is approximately mNOK 30.

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. We expect to distribute between mNOK 15-20 in December (as a third TBK Asset realization).

With the estimated distributions above, the total distribution in 4Q 2017 will be in the range of mNOK 45-50. The total estimated 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. Despite oil prices recovering from around USD30/bbl at the beginning of 2016 to the current level around USD60/bbl, tendering activity has not picked up notably yet. If oil prices remain at around current levels, it is expected to see some increase in tendering activity during 2018. However, this will most likely not translate into higher earnings before 2019-2020, and 2018 is therefore expected to be at least as challenging as 2017.

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 Deep C and Boa Sub C continue to work on medium term contracts in West Africa and in the southern part of the North Sea, respectively. Both Vessels therefore have firm commitments until late 4Q17. There are some short to medium term prospects for work in 2018. However, competition for these contracts is stiff and dayrates are expected to remain subdued.

Unless the company is able to secure new contracts after completing the current contracts, stacking of the vessels will be considered again.

Statement from the CEO:

I hereby declare that to the best of my knowledge the interim accounts for the third 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, 30 November 2017



Helge Kvalvik
CEO

Income Statement Boa OCV AS

	3Q 2017	YTD 2017	3Q 2016	YTD 2016
<i>(figures in NOK 1 000)</i>				
Operating income and operating expenses				
Operating income	71 835	209 933	33 632	190 940
Operating income	71 835	209 933	33 632	190 940
Operating expenses vessels	26 457	98 292	16 697	101 425
Payroll expenses	16 882	50 328	14 519	59 406
Depreciation and write down	13 336	42 783	15 098	43 657
Other operating expenses	5 235	15 637	4 748	34 002
Total operating expenses	61 910	207 040	51 061	238 490
Operating result	9 925	2 893	-17 429	-47 550
Financial income and expenses				
Interest income from group companies	2 149	21 721	9 310	27 726
Other interest income	17	58	51	146
Other financial income	2 615	6 317	975	5 670
Interest expense to group companies	0	1 312	0	0
Other interest expenses	24 834	61 177	17 780	59 139
Other financial expenses	9 747	276 225	1 361	10 590
Financial result	-29 801	-310 617	-8 805	-36 187
Result before tax	-19 876	-307 724	-26 235	-83 737
Tax on ordinary result				
Result after tax	-19 876	-307 724	-26 235	-83 737

Balance sheet
Boa OCV AS

	30.09.2017	30.09.2016	31.12.2016
<i>(figures in NOK 1 000)</i>			
Fixed assets			
Intangible fixed assets			
Deferred tax asset	14 264	12 638	14 264
Total intangible fixed assets	14 264	12 638	14 264
Tangible fixed assets			
Vessels	654 745	697 326	687 132
Total tangible fixed assets	654 745	697 326	687 132
Financial fixed assets			
Loans to group companies	164 761	539 681	576 717
Total financial fixed assets	164 761	539 681	576 717
Total fixed assets	833 770	1 249 645	1 278 113
Current assets			
Inventories	0	3 914	7 431
Receivables			
Trade receivables	50 666	16 305	6 033
Receivables from group companies	22	28 114	41 027
Other receivables	2 960	34 442	6 420
Total receivables	53 648	78 861	53 479
Cash and bank deposits	97 059	50 360	44 953
Total current assets	150 707	133 135	105 864
Total assets	984 477	1 382 780	1 383 977

Balance sheet
Boa OCV AS

	30.09.2017	30.09.2016	31.12.2016
<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	-210 061	146 902	97 664
Total retained earnings	-210 061	146 902	97 664
Total equity	-115 408	241 554	192 316
Liabilities			
Other long term liabilities			
Bonds	1 056 677	1 025 000	1 000 000
Liabilities to group companies	0	12 000	55 363
Total long term liabilities	1 056 677	1 037 000	1 055 363
Short time liabilities			
Trade creditors	12 611	40 595	38 579
Liabilities to group companies	2 041	42 219	69 460
Tax payable	-147	-198	634
Other short term liabilities	28 703	21 611	27 625
Total short term liabilities	43 208	104 226	136 298
Total liabilities	1 099 885	1 141 226	1 191 661
Total liabilities and equity	984 477	1 382 780	1 383 977

Cash flow report

Figures in 1 000 NOK	3Q 2017	YTD 2017	3Q 2016	YTD 2016
Cash flow from operating activities				
Profit before income taxes	-19 876	-307 724	-26 235	-83 737
Payment in kind bonds (PIK-bonds)	56 677	56 677	0	0
Paid in tax	0	-780	0	-1 037
Depreciation/write-down	13 336	42 783	15 098	58 657
Write-down receivables from group entities	0	254 179	0	0
Changes in trade receivables and creditors	-7 883	-70 601	14 894	13 707
Changes in receivables from group entities	50 737	76 000	-3 792	21 359
Changes in other short-term receivables and liabilities	-7 333	11 967	-22 979	-23 138
Net cash flow from operating activities	85 657	62 502	-23 014	-14 187
Cash flow from investing activities				
Purchase of fixed assets	-3 471	-10 396	0	-7 940
Net cash flow from investing activities	-3 471	-10 396	0	-7 940
Cash flow from financing activities				
Repayment of long term liabilities	0	0	-25 000	-75 000
Net cash flow from financing activities	0	0	-25 000	-75 000
Net changes in cash and cash equivalents	82 186	52 106	-48 014	-97 127
Cash and cash equivalents start at period	14 873	44 953	98 374	147 489
Cash and cash equivalents end of period	97 059	97 059	50 360	50 360

Notes to 3Q 2017 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.

Note 2 Fixed assets

	Vessels	Periodic maintenance	Total
Acquisition cost 01.01.17	1 209 224	123 806	1 333 030
Additions	0	10 396	10 396
Disposals	0	0	0
Acquisition cost 30.09.2017	1 209 224	134 203	1 343 426
Accumulated depr. and write-down 01.01.17	571 672	74 226	645 898
Depreciation this period	28 224	14 089	42 313
Write-down this period	470	0	470
Accum. depreciation 30.09.2017	600 366	88 316	688 682
Book value 30.09.2017	608 858	45 887	654 745
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	-307 724	-307 724
Equity 30.09.2017	100	80 108	14 445	-210 060	-115 408

Note 4 **Income statement - summary**

	3Q 2017	YTD 2017	3Q 2016	YTD 2016
Operating income	71 835	209 933	33 632	190 940
Operating expenses	48 574	164 257	35 963	194 833
EBITDA	23 261	45 676	-2 331	-3 893
EBITDA %	32 %	22 %	0 %	0 %
Depreciation and write-down	13 336	42 783	15 098	43 657
EBIT	9 925	2 893	-17 429	-47 550
Net finance	-29 801	-310 617	-8 805	-36 187
Pre tax profit	-19 876	-307 724	-26 235	-83 737
Tax	0	0	0	0
Net profit	-19 876	-307 724	-26 235	-83 737

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

3Q 2017	Boa Deep C	Boa Sub C
Operating income	30 954	40 880
Operating expenses	24 097	24 421
EBITDA	6 857	16 459
Utilization	100 %	100 %