



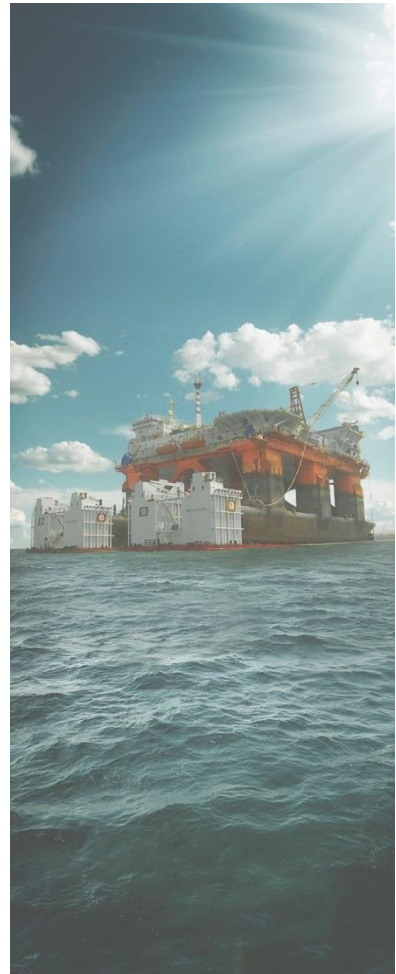
BOA

Quarterly Report

Boa OCV AS

2Q - 2015

Org.nr. 984 158 939



BOA OCV AS

CEO'S REPORT – 2Q 2015

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 2015 accounts:

Operating income in the period was NOK 110,7 million (NOK 87,2 million in the same period 2014).

EBITDA for the period was NOK 87,3 million (NOK 51,4 million).

Operating expenses were NOK 38,8 million (NOK 56,8 million).

Operating Profit/EBIT was NOK 71,9 million (NOK 30,4 million).

Net financial items were - NOK 21,1 million (- NOK 4,8 million).

Profit before tax was NOK 50,8 million (NOK 25,5 million).

Cash flow in the period

Net cash flow from operating activities was NOK 15,9 million. (NOK 26,0 million in the same period 2014).

Net cash flow from investing activities was - NOK 3,8 million (- NOK 57,5 million).

Net cash flow from financing activities was - NOK 25,0 million (- NOK 18,8 million).

Net change in cash was - NOK 13,0 million (NOK 50,2 million).

Balance sheet 30.06.2015

Total assets per 30.06.2015 were NOK 1 480 million (NOK 2 040 million per 30.06.2014). Interest bearing debt was NOK 1 150 million (NOK 975 million), and the equity NOK 292 million (NOK 1 007 million). The equity ratio increased to 19,8 % from last quarter 16,6 % (49,4 % per 30.06.2014).

Cash and Cash equivalents per 30.06.2015 were NOK 139,5 million (NOK 129,1 million per 30.06.2014).

Financial risk:

Market risk:

The company is susceptible to fluctuations in currency exchange rates. A considerable percentage of the company's earnings are in USD. However this market risk is to a certain degree reduced by the company also having certain operating purchases 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. The interest rate exposure on the company's long-term debt is partly hedged by two fixed interest rate swaps (IRS).

Credit risk:

The potential risk that contracting parties will not have the financial means to meet their obligations is considered to be low. No agreements have been entered into 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 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 due to the fall in oil prices from mid 2014. After a short lived recovery in oil prices seen in the second quarter after the 2015 January lows, oil prices have again fallen back below USD45 per barrel. This has most likely pushed a recovery further forward in time. A number of offshore projects are now being postponed as oil companies focus to a greater extent on cash flow due to lower oil prices. On the other hand costs in the oil and gas industry has adjusted accordingly and decreased as a result. Oil prices probably need to recover to approximately USD60-70/bbl range to spur demand growth again in general. A number of industry participants now see future offshore and deepwater field developments economically viable in the USD50-70/bbl range. We have registered more prospects in certain segments compared with the low activity seen over the winter, however timing and validity of these prospects remains somewhat uncertain.

Ongoing and sanctioned projects will ensure a certain activity level in the subsea sector in the short to medium term. Furthermore, IMR and subsea well-related services are still considered to be a growing part of the subsea market over time, which is less cyclical than the installation segment. 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.

Boa Sub C is on a firm contract to late 3Q15, while Boa Deep C is currently being chartered by Boa Offshore AS' US entity BMSI (BOA Marine Services Inc). Despite the current somewhat softer market, there are still opportunities for short and long-term contracts for both vessels from late 2015, with BMSI or potential third party charterers.

Statement from the CEO

I hereby declare that to the best of my knowledge the interim accounts for the second quarter of 2015 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 August 2015



Helge Kvalvik
CEO

Income statement
Boa OCV AS

(figures in NOK 1 000)

	2Q 2015	YTD 2015	2Q 2014	YTD 2014
Operating income and operating exp.				
Operating income	110 712	213 602	87 175	169 113
Operating income	110 712	213 602	87 175	169 113
Operating expenses ships	8 346	19 359	13 640	19 098
Payroll expenses	13 944	25 364	18 245	31 497
Depreciation	15 368	30 956	21 002	39 842
Other operating expenses	1 142	3 152	3 914	7 022
Operating expenses	38 800	78 831	56 801	97 459
Operating profit	71 912	134 771	30 374	71 653
Financial income and expences				
Interest income from group entities	8 618	17 142	14 492	28 824
Other interest income	171	572	754	754
Other financial income	5 047	16 053	4 189	9 939
Other interest expenses	23 602	47 541	22 068	44 093
Other financial expenses	11 339	22 765	2 192	8 353
Net financial income and expenses	-21 104	-36 538	-4 825	-12 928
Operating result before tax	50 808	98 233	25 549	58 726
Tax	0	0	-15	0
Result after tax	50 808	98 233	25 564	58 726

Balance sheet
Boa OCV AS

(figures in NOK 1 000)

	30.06.2015	30.06.2014	31.12.2014
Assets			
Intangible fixed assets			
Deferred tax asset	9 043	0	9 043
Total intangible fixed assets	9 043	0	9 043
Fixed assets			
Ships	759 261	797 391	781 864
Total tangible fixed assets	759 261	797 391	781 864
Financial fixed assets			
Loan to group companies	505 113	1 019 752	505 113
Total financial receivables	505 113	1 019 752	505 113
Total fixed assets	1 273 416	1 817 143	1 296 019
Current assets			
Debtors			
Accounts receivables	41 782	49 136	29 658
Other receivables	7 899	15 740	11 849
Group receivables	17 142	28 824	0
Total debtors	66 823	93 700	41 507
Cash and bank deposits	139 511	129 101	184 222
Total current assets	206 335	222 801	225 729
Total assets	1 479 751	2 039 944	1 521 748

Balance sheet
Boa OCV AS

(figures in NOK 1 000)

	30.06.2015	30.06.2014	31.12.2014
Equity			
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	99 424	853 967	99 424
This years retained earnings	98 233	58 726	0
Total retained earnings	197 657	912 693	99 424
Total equity	292 310	1 007 345	194 076
Liabilities			
Provisions			
Other provisions	0	1 928	0
Total provisions	0	1 928	0
Other long term liabilities			
Bonds	1 150 000	975 000	1 200 000
Total of other long term liabilities	1 150 000	975 000	1 200 000
Current liabilities			
Trade creditors	14 957	33 020	29 843
Group liabilities	0	0	50 000
Tax payable	-248	-321	1 037
Other short term liabilities	22 733	22 971	46 791
Total short term liabilities	37 441	55 670	127 672
Total liabilities	1 187 441	1 032 599	1 327 672
Total equity and liabilities	1 479 751	2 039 944	1 521 748

Cash flow report

Figures in 1 000 NOK	Note	2Q 2015	YTD 2015	2Q 2014	YTD 2014
Cash flow from operating activities					
Profit before income taxes		50 808	98 233	25 549	58 726
Paid in tax		-643	-1 285	-811	-1 637
Depreciation		15 368	30 956	21 002	39 842
Changes in trade receivables and creditors		-42 629	-27 010	4 703	18 220
Changes in receivables from group entities	1.	-8 618	-17 142	-12 836	-30 742
Changes in other short-term receivables and liabilities		1 597	-20 109	-11 566	-28 420
Net cash flow from operating activities		15 883	63 642	26 040	55 989
Cash flow from investing activities					
Purchase of fixed assets		-3 846	-8 353	-57 465	-57 739
Net cash flow from investing activities		-3 846	-8 353	-57 465	-57 739
Cash flow from financing activities					
Repayment of long term liabilities		-25 000	-50 000	-18 750	-37 500
Group contribution		-	-50 000	-	-37 245
Net cash flow from financing activities		-25 000	-100 000	-18 750	-74 745
Net changes in cash and cash equivalents		-12 963	-44 711	-50 175	-76 495
Cash and cash equivalents start at period		152 474	184 222	179 275	205 596
Cash and cash equivalents end of period		139 511	139 511	129 101	129 101

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

Notes to 2Q 2015 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.

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 01.01.15	1 277 940	139 224	1 417 164
Additions	4 266	4 087	8 353
Disposals			0
Acquisition cost 30.06.15	1 282 206	143 311	1 425 518
Accumulated depr. 01.01.15	577 527	57 773	635 300
Acc. depreciation disposals			0
Depreciation this period	18 574	12 383	30 956
Accum. depreciation 30.06.15	596 101	70 156	666 257
Book value 30.06.15	686 106	73 155	759 261

Economic life	27	
Depreciation schedule	Linear	Linear

The economic lifetime for the vessels has been extended from 20 to 27 years.

Note 3 Shareholder's equity

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.15	100	80 108	14 445	99 424	194 077
Profit for the period				98 233	98 233
Equity 30.06.15	100	80 108	14 445	197 657	292 310

Note 4 **Income statement - summary**

	2Q 2015	YTD 2015	2Q 2014	YTD 2014
Operating income	110 712	213 602	87 175	169 113
Operating expences	23 432	47 875	35 799	57 617
EBITDA	87 280	165 727	51 376	111 496
EBITDA %	79 %	78 %	59 %	66 %
Depreciation	15 368	30 956	21 002	39 842
EBIT	71 912	134 771	30 374	71 654
Net finance	-21 104	-36 538	-4 825	-12 928
Pre tax profit	50 808	98 233	25 549	58 725
Tax	-	-	-15	-
Net profit	50 808	98 233	25 564	58 726