



BOA

Quarterly Report

Boa OCV AS

3Q - 2014

Org.nr. 984 158 939



BOA OCV AS

CEO'S REPORT - 3Q 2014

General Information

The unaudited interim accounts are prepared in accordance with NGAAP.

Nature and location of activities:

The company owns and charters out the offshore construction vessels "Boa Deep C" and "Boa Sub C", and management of the vessels is performed by Boa Offshore AS..

Review of third quarter 2014 accounts:

Operating income in the period was NOK 95,5 million (NOK 118,0 million in the same period 2013).

EBITDA for the period was NOK 67,4 million (NOK 83,0 million).

Operating expenses were NOK 49,7 million (NOK 51,1 million).

Operating Profit/EBIT was NOK 45,8 million (NOK 66,9 million).

Net financial items were - NOK 1,3 million (- NOK 7,2 million).

Profit before tax was NOK 44,5 million (NOK 59,7 million).

Cash flow in the period

Net cash flow from operating activities was NOK 89,6 million. (NOK 85,8 million in the same period 2013).

Net cash flow from investing activities was - NOK 28,1 million (NOK 0,0 million).

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

Net change in cash was NOK 42,8 million (NOK 67,0 million).

Balance sheet 30.09.2014

Total assets per 30.09.2014 were NOK 2 075 million (NOK 2 055 million per 30.09.2013). Interest bearing debt was NOK 956 million (NOK 1 031 million), and the equity NOK 1 052 million (NOK 927 million). The equity ratio increased to 50,7 % (45,1 % per 30.09.2013).

Cash and Cash equivalents per 30.09.2014 were NOK 171,9 million (NOK 198,9 million per 30.09.2013).

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. Future currency agreements are used and covering a part of the contractual USD income for the upcoming two quarters. 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:

Beginning of October 2014 Boa OCV AS did a new NOK 1 200 million Bond loan with maturity 2019, and repaid the existing NOK 956 million bond with maturity April 2016.

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-term outlook for the subsea segment has become more uncertain on the back of the recent drop in oil prices. Some projects are now being postponed as oil companies focus more on cash flow. Although a number of oil companies have stated that deepwater field developments are economically viable even at USD 70/bbl, the oil price need to increase from today's level, currently below USD 80/bbl, to spur growth in the short-term. Ongoing and sanctioned projects will ensure decent activity in the subsea sector in the years to come. IMR and subsea well-related services still seem to be a growing part of the subsea market. 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 offshore deepwater. Hence, deepwater and subsea will remain one of the most important growth opportunities for oil companies also in the coming decade.

Boa Sub C is leased on a 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. There are still opportunities for long-time contracts on both vessels from 2015, both with BMSI and third party charterers

Statement from the CEO

I hereby declare that to the best of my knowledge the interim accounts for the third 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, 28 November 2014



Hege Kvalvik
CEO

Income statement
Boa OCV AS

(figures in NOK 1 000)

	Q3 2014	YTD 2014	Q3 2013	YTD 2013
Operating income and operating exp.				
Operating income	95 505	264 617	118 028	322 323
Operating income	95 505	264 617	118 028	322 323
Operating expenses ships	13 566	32 664	12 271	36 151
Payroll expenses	11 768	43 264	17 328	55 941
Depreciation	21 564	61 406	16 053	48 159
Other operating expenses	2 771	9 793	5 463	19 238
Operating expenses	49 669	147 128	51 116	159 488
Operating profit	45 836	117 489	66 912	162 835
Financial income and expences				
Interest income from group entities	14 651	43 475	15 948	47 323
Other interest income	31	786	0	0
Other financial income	10 079	20 019	2 761	11 816
Interest expenses to group entities	0	0	0	0
Other interest expenses	21 933	66 026	23 887	72 640
Other financial expenses	4 153	12 506	2 037	5 583
Net financial income and expences	-1 324	-14 252	-7 215	-19 084
Operating result before tax	44 511	103 237	59 697	143 751
Tax	0	0	0	0
Result after tax	44 511	103 237	59 697	143 751

Balance sheet
Boa OCV AS

(figures in NOK 1 000)

	30.09.2014	30.09.2013	31.12.2013
Assets			
Fixed assets			
Ships	803 879	830 591	814 538
Total tangible fixed assets	803 879	830 591	814 538
Financial fixed assets			
Loan to group companies	1 019 752	957 690	1 019 752
Total financial receivables	1 019 752	957 690	1 019 752
Total fixed assets	1 823 632	1 788 281	1 834 290
Current assets			
Debtors			
Accounts receivables	26 491	14 363	40 050
Other receivables	9 473	6 430	14 322
Group receivables	43 475	47 323	0
Total debtors	79 439	68 116	54 372
Cash and bank deposits	171 918	198 908	205 596
Total current assets	251 357	267 024	259 968
Total assets	2 074 989	2 055 305	2 094 258

Balance sheet
Boa OCV AS

(figures in NOK 1 000)

	30.09.2014	30.09.2013	31.12.2013
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	853 967	688 484	837 465
This years retained earnings	103 237	143 751	
Total retained earnings	957 204	832 235	837 465
Total equity	1 051 857	926 887	932 117
Liabilities			
Provisions			
Other provisions	1 928	49 028	53 475
Total provisions	1 928	49 028	53 475
Other long term liabilities			
Bonds	956 250	1 031 250	1 012 500
Total of other long term liabilities	956 250	1 031 250	1 012 500
Current liabilities			
Trade creditors	33 452	20 684	22 125
Group liabilities	0	7 669	37 245
Tax payable	-321	42	1 331
Other short term liabilities	31 823	19 744	35 465
Total short term liabilities	64 954	48 139	96 166
Total liabilities	1 023 132	1 128 417	1 162 141
Total equity and liabilities	2 074 989	2 055 305	2 094 258

Cash flow report

Figures in 1 000 NOK	Note	Q3 2014	YTD 2014	Q3 2013	YTD 2013
Cash flow from operating activities					
Profit before income taxes		44 511	103 237	59 697	143 751
Paid in tax		-	-1 637	-	-1 610
Depreciation		21 564	61 406	16 053	48 159
Changes in trade receivables and creditors		-1 874	16 345	15 980	5 326
Changes in receivables from group entities	1.	10 300	-20 443	-7 979	-39 355
Changes in other short-term receivables and liabilities		15 119	-13 301	2 002	1 510
Net cash flow from operating activities		89 620	145 608	85 753	157 781
Cash flow from investing activities					
Purchase of fixed assets		-28 052	-85 792	-	-
Net cash flow from investing activities		-28 052	-85 792	-	-
Cash flow from financing activities					
Repayment of long term liabilities		-18 750	-56 250	-18 750	-56 250
Group contribution			-37 245	-	-17 931
Net cash flow from financing activities		-18 750	-93 495	-18 750	-74 181
Net changes in cash and cash equivalents		42 817	-33 678	67 003	83 600
Cash and cash equivalents start at period		129 101	205 596	131 906	115 310
Cash and cash equivalents end of period		171 918	171 918	198 908	198 908

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

Notes to Q3 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	Periodic maintenance	Total
Acquisition cost 01.01.14	1 295 411		1 295 411
Additions	21 695	64 097	85 792
Disposals			0
Corr. due to change of princ.	-121 518	38 995	-82 523
Acquisition cost 30.09.14	1 195 588	103 092	1 298 680
Accumulated depr. 01.01.14	480 873		480 873
Acc. depreciation disposals			0
Depreciation this period	45 900	15 506	61 406
Corr. due to change of princ.	-47 479		-47 479
Accum. depreciation 30.09.14	479 294	15 506	494 800
Book value 30.09.14	716 294	87 586	803 879

Economic life	20	
Depreciation schedule	Linear	Linear

Note 3 Shareholder's equity

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.14	100	80 108	14 445	837 465	932 117
Profit for the period				103 237	103 237
Change of principles				16 502	16 502
Equity 30.09.14	100	80 108	14 445	957 204	1 051 857

Notes to Q3 2014 report

Note 4 Income statement - summary

	Q3 2014	YTD 2014	Q3 2013	YTD 2013
Operating income	95 505	264 617	118 028	322 323
Operating expences	28 105	85 722	35 063	111 329
EBITDA	67 400	178 895	82 965	210 994
EBITDA %	71 %	68 %	70 %	65 %
Depreciation	21 564	61 406	16 053	48 159
EBIT	45 836	117 489	66 912	162 835
Net finance	-1 324	-14 252	-7 215	-19 084
Pre tax profit	44 511	103 237	59 697	143 751
Tax	-	-	-	-
Net profit	44 511	103 237	59 697	143 751