



BOA

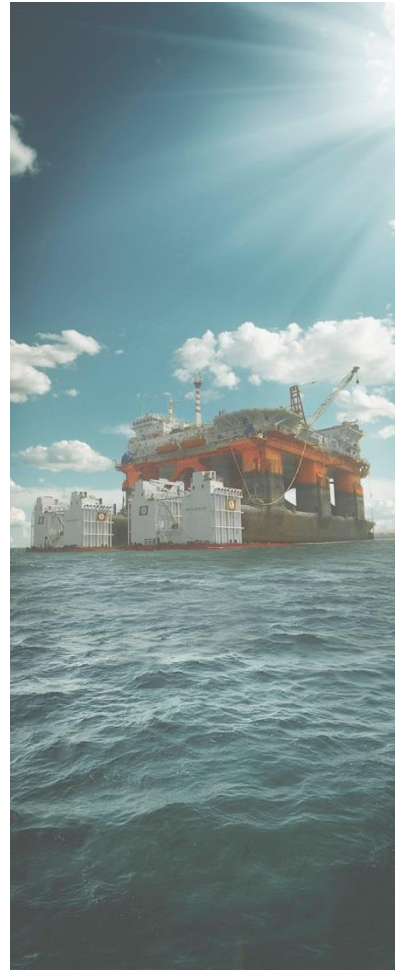
Quarterly Report

Consolidated

Boa Offshore AS

4Q - 2015

Org.nr. 926 265 156



CONSOLIDATED BOA OFFSHORE AS

CEO'S REPORT – 4Q 2015

General Information:

The unaudited interim report is prepared in accordance with NGAAP.

Nature and location of activities:

Boa Offshore AS is the parent and the management company of the Boa Offshore Group (“Group”). The company also invests in shipping and offshore related companies. The Group is comprised of several ship owning companies within the following segments; tugboats, barges and offshore vessels. The tugboat activity, including salvaging, operates along the Norwegian coast and the North Sea. The barge fleet consists of larger barges operated internationally, and the offshore department manages offshore support vessels within construction and oil exploration, operating worldwide. The management is located in Trondheim. An American subsidiary located in Houston is currently engaged in the Gulf of Mexico operating chartered construction vessels in addition to some of the Group’s vessels.

Review of fourth quarter 2015 accounts:

Operating income in the period was NOK 348,7 million (NOK 477,4 million in the same period 2014).

EBITDA for the period was - NOK 9,8 million (NOK 112,0 million).

Operating expenses was NOK 649,9 million (NOK 422,1 million).

Operating Profit/EBIT was - NOK 301,2 million (NOK 55,2 million).

Net financial items was - NOK 64,0 million (- NOK 115,2 million).

Profit before tax was - NOK 365,1 million (- NOK 59,9 million).

Cash flow in the period:

Net cash flow from operating activities was NOK 139,5 million (- NOK 79,7 million).

Net cash flow from investing activities was - NOK 110,1 million (- NOK 189,5 million).

Net cash flow from financing activities was - NOK 39,6 million (NOK 458,6 million).

Net change in cash was - NOK 10,3 million (NOK 189,4 million).

Balance sheet 31.12.2015:

Total assets per 31.12.2015 were NOK 5 314 million (NOK 5 763 million per 31.12.2014). Interest bearing debt was NOK 3 747 million (NOK 3 650 million), and the equity NOK 1 227 million (NOK 1 632 million). The equity ratio is 23,1 %, a decrease from 27,8 % last quarter (28,3 % per 31.12.2014).

Cash and Cash equivalents per 31.12.2015 were NOK 482 million (NOK 634 million per 31.12.2014).

The value adjusted equity ratio for Boa Offshore per 31.12.2015 was 37,3 % and the NIBD/EBITDA ratio was 16,20 (EBITDA last 12 months/4 quarters).

Events in the period:

For the OSV fleet the quarter was dominated by the low activity in the industry, having AHTS in layup and BOA Sub C redelivered after the long term contract with EMAS AMC. However in the SBL segment activity was high with both vessels on hire with EMGS. One of the SBL vessels was redelivered early 2016 after ended contract whereas the other was

extended as previously announced. In the GoM operation the fleet is reduced after redelivery of two vessels to respective owners, of which one a potential discussion on redelivery terms might arise.

For the barge fleet activity was low in the period as expected, but good order intake for coming years. The new built Boabarge 37 was delivered and contracted for a four year plus options contract commencing 3Q 2017 in Canada. The tug fleet had activity above expectations for the quarter.

Total write down on tangible fixed assets in the period were NOK 242 million.

Financial risk:

Market risk:

The Group is susceptible to fluctuations in currency rates considering that the Group's earnings and long-term financing is partly in foreign currency. However, this market risk is to a certain degree reduced by the Group also having certain operating costs in the same currency. The Group continuously monitors the currency markets and reduces currency exposure when appropriate by entering into forward agreements or other financial contracts to reduce the currency risk. By 31.12.2015 the total of the group's interest bearing debt was NOK 3 747 million where of NOK 985 million is secured by interest rate swap agreements or fixed rate.

Credit risk:

The potential risk that the contracting parties will not have the financial means to meet its obligations is considered low to medium. No agreements have been entered into or other financial means established to minimise the Group's credit risk.

Liquidity risk:

The Group's liquidity position as of 31.12.2015 is NOK 482 million. The parent company has a bond of NOK 500 million and a subordinated bond of NOK 150 million listed at Oslo Stock Exchange Nordic ABN, as well as a non-listed bond of NOK 50 million outstanding. The bonds have maturity dates in December 2018 (NOK 650 million) and May 2020 (NOK 50 million). The total of outstanding bonds as of 31.12.2015 was NOK 2 128 million.

Events after the balance sheet date:

Boa PSV AS a 100 % owned subsidiary in the group has received full refund guarantee payment following the cancellation of two shipbuilding contracts in China with USD 71 million in total. There have been no other events after the end of the financial period that would have material impact on the evaluation of the Group's profit and loss account or balance sheet as per 31.12.2015.

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 as oil companies focus to a greater extent on cash flow due to lower oil prices. 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.

Boa Offshore's Barge and Tug segments are exposed to more industries and demand drivers than oil and gas. For both these segments we see good prospects for the next couple of years. Although the Barge business saw a leaner 2015 in isolation, the backlog and prospects have never been higher. The Tug business has experienced increased activity in 2015, and prospects remain healthy. A large part of the work performed by Boa OCV and the Boa US entities is undertaken within the IMR part of the subsea sector and other offshore support modes, which are less cyclical than the installation segment. Nevertheless, these subsea segments currently also experience headwinds.

The North Sea AHTS market has been weak in 2015, and is expected to remain challenging in coming years as the rig count and activity level in the North Sea has declined. On a positive note, the supply side (number of active and marketed vessels) has adjusted as vessel owners have put vessels into lay-up. Boa has the Boa Jarl currently in lay-up.

Statement from the CEO:

I hereby declare that to the best of my knowledge the interim accounts for the fourth 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, 29 February 2016

A handwritten signature in blue ink, appearing to read 'Helge Kvalvik', is centered on the page. The signature is fluid and cursive.

Helge Kvalvik
CEO

Consolidated Income Statement

Boa Offshore AS

Figures in 1 000 NOK

	Note	Q4 2015	YTD 2015	Q4 2014	YTD 2014
Operating income	2	348 722	1 683 741	477 369	1 765 482
Operating cost ships		237 035	1 053 029	283 452	1 016 818
Payroll expenses		93 407	349 719	75 258	267 597
Depreciation	3	49 562	182 180	56 772	190 665
Write down on tangible assets	3	241 850	265 041	0	30
Other operating expenses		28 058	79 456	6 646	20 342
Operating expenses		649 912	1 929 425	422 127	1 495 452
Operating profit		-301 191	-245 683	55 241	270 030
Financial income and expenses					
Interest income from group companies		2 075	8 038	2 294	8 651
Other interest income		2 212	4 823	8 219	11 703
Other financial income		22 213	139 629	32 452	74 283
Depreciation of other financial fixed assets		0	0	141	141
Interest expense to group companies		984	1 425	145	668
Other interest expenses		59 888	226 424	89 921	242 544
Other financial expenses		29 583	142 736	67 912	110 496
Net financial income and expenses		-63 954	-218 094	-115 153	-259 212
Operating result before tax		-365 145	-463 778	-59 912	10 818
Tax on ordinary result		-1 011	-999	-23 913	-21 704
Operating result		-364 134	-462 779	-35 998	32 522

Consolidated Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Assets	Note	31.12.2015	31.12.2014
Fixed assets			
Intangible fixed assets			
Deferred tax asset		215 265	205 563
Total intangible assets		215 265	205 563
Tangible fixed assets			
Buildings and land	3	5 847	5 447
Ships	3	3 152 167	2 721 196
Equipment and other movables	3	5 746	5 248
Newbuilding contracts	3	304 677	1 232 648
Total tangible fixed assets		3 468 437	3 964 539
Financial fixed assets			
Loans to group companies		161 362	167 433
Investments in shares		3 294	270
Other receivables		17 917	201 032
Total financial fixed assets		182 573	368 735
Total fixed assets		3 866 274	4 538 837
Current assets			
Inventories		12 880	5 427
Debtors			
Accounts receivables		206 920	391 391
Loan to group companies		5 606	53
Other receivables		739 958	192 269
Total debtors		952 484	583 713
Investments			
Other financial instruments		350	334
Total investments		350	334
Cash and bank deposits		482 401	634 206
Total current assets		1 448 115	1 223 679
Total assets		5 314 389	5 762 516

Consolidated Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Equity and liabilities	Note	31.12.2015	31.12.2014
Restricted equity			
Share capital	4	2 500	2 500
Share premium	4	74 447	74 447
Other restricted equity	4	3 106	3 106
Total restricted equity		80 053	80 053
Retained earnings			
Other equity	4	1 146 555	1 552 211
Total retained earnings		1 146 555	1 552 211
Total equity		1 226 607	1 632 263
Liabilities			
Other long-term liabilities			
Bonds	5	2 127 840	2 179 200
Liabilities to financial institutions	5	1 588 667	1 470 676
Liabilities to group companies		30 984	12 142
Total of other long term liabilities		3 747 491	3 662 018
Current liabilities			
Trade creditors		154 932	261 574
Tax payable		9 309	11 502
Public duties payable		11 995	9 597
Dividends		0	9 100
Other short term liabilities		164 056	176 462
Total short term liabilities		340 291	468 235
Total liabilities		4 087 782	4 130 253
Total equity and liabilities		5 314 389	5 762 516

Consolidated Cash Flow Statement

Boa Offshore AS

Figures in 1 000 NOK

		Q4 2015	YTD 2015	Q4 2014	YTD 2014
Cash flow from operating activities					
Profit before income taxes		-365 145	-463 778	-59 912	10 818
Income tax paid		-229	-12 452	1 842	-15 860
Depreciation and write-down		291 412	447 221	56 772	190 695
Gain on sale of tangible fixed assets		0	0	0	33
Gain on sale of financial items		0	-728	0	0
Write-down of financial fixed assets		0	0	141	141
Currency gain/-loss		4 813	23 811	27 725	38 445
Changes in inventories		-3 946	-7 453	542	-2 718
Changes in trade receivables		123 781	184 471	-48 176	-145 167
Changes in other receivables		76 742	64 153	-80 930	-134 072
Changes in trade creditors		-59 436	-106 642	8 758	-43 210
Changes in receivables from group companies		33 694	19 360	-4 889	-32 595
Changes in other short-term liabilities		37 791	-10 008	18 470	89 273
Net cash flow from operating activities	A	139 477	137 956	-79 657	-44 218
Cash flow from investing activities					
Sale of tangible fixed assets		0	0	0	5 445
Purchase of tangible fixed assets		-109 946	-410 709	-182 125	-806 185
Purchase of financial fixed assets		0	-3 024	0	0
Changes in other investments		-189	0	-7 403	-9 530
Net cash flow from investing activities	B	-110 135	-413 733	-189 528	-810 270
Cash flow from financing activities					
Raised long term liabilities		0	527 848	1 582 333	1 886 854
Paid in long term liabilities		-30 535	-455 775	-1 066 631	-1 155 450
Changes in liabilities		0	0	-39 477	-36 243
Group contribution		-9 100	-9 100	-17 667	-17 667
Paid in share capital		0	61 000	0	63 000
Net cash flow from financing activities	C	-39 635	123 973	458 558	740 494
Net changes in cash and cash equivalents	A+B+C	-10 293	-151 805	189 373	-113 995
Cash and cash equivalent start at period		492 695	634 206	444 836	748 201
Cash and cash equivalents at end of period		482 401	482 401	634 206	634 206

Income Statement

Boa Offshore AS

Figures in 1 000 NOK

	Note	Q4 2015	YTD 2015	Q4 2014	YTD 2014
Operating Income	2	84 683	299 944	78 302	256 082
Operating cost ships		854	3 244	3 832	5 782
Payroll expenses		57 646	242 528	52 143	189 087
Depreciation	3	249	994	338	1 476
Write down on tangible assets	3	0	0	0	30
Other operating expenses		54 847	82 843	10 983	35 156
Operating expenses		113 596	329 609	67 295	231 531
Operating profit		-28 913	-29 665	11 007	24 551
Financial income and expenses					
Income from subsidiaries		2 665	2 665	862 549	862 549
Interest income from group companies		35 996	98 060	34 820	88 752
Other interest income		1 991	3 362	3 718	5 464
Other financial income		-9 380	19 476	-8 355	3 772
Depreciation of other financial fixed assets		0	0	141	141
Interest expense to group companies		12 013	44 860	12 152	62 926
Other interest expenses		17 827	62 390	13 287	50 299
Other financial expenses		5 516	29 952	1 143	4 621
Net financial income and expenses		-4 084	-13 638	866 009	842 550
Operating result before tax		-32 997	-43 303	877 017	867 101
Tax on ordinary result		6 024	6 024	2 284	2 286
Operating result		-39 022	-49 327	874 732	864 815

Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Assets	Note	31.12.2015	31.12.2014
Fixed assets			
Intangible fixed assets			
Deferred tax asset		199 838	204 422
Total intangible fixed assets		199 838	204 422
Tangible fixed assets			
Buildings and land	3	5 847	5 447
Vessels	3	4 597	4 121
Equipment and other movables	3	4 583	2 752
Total tangible fixed assets		15 027	12 320
Financial fixed assets			
Investments in subsidiaries		403 360	299 315
Loans to group companies		1 908 009	1 623 254
Investments in shares		3 044	20
Other receivables		14 148	12 440
Total financial fixed assets		2 328 561	1 935 029
Total fixed assets		2 543 426	2 151 771
Current assets			
Inventories		0	189
Receivables			
Trade receivables		2 813	14 528
Loans to group companies		94 122	153 673
Other receivables		16 776	11 251
Total receivables		113 711	179 453
Cash and bank deposits		98 827	186 843
Total current assets		212 538	366 485
Total assets		2 755 964	2 518 256

Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Equity and liabilities	Note	31.12.2015	31.12.2014
Restricted equity			
Share capital	4	2 500	2 500
Share premium	4	74 447	74 447
Other restricted equity	4	3 106	3 106
Total restricted equity		<u>80 053</u>	<u>80 053</u>
Retained earnings			
Other equity	4	1 034 942	1 084 269
Total retained earnings		<u>1 034 942</u>	<u>1 084 269</u>
Total equity		<u>1 114 994</u>	<u>1 164 321</u>
Liabilities			
Other long term liabilities			
Bonds	5	677 840	609 200
Liabilities to financial institutions	5	149 753	30 000
Liabilities to subsidiaries		731 576	662 126
Total other long term liabilities		<u>1 559 169</u>	<u>1 301 326</u>
Current liabilities			
Trade creditors		7 978	4 342
Liabilities to group companies		4 951	17 032
Public duties payable		11 036	8 987
Dividends		0	9 100
Other short term liabilities		57 836	13 148
Total short term liabilities		<u>81 801</u>	<u>52 609</u>
Total liabilities		<u>1 640 970</u>	<u>1 353 935</u>
Total liabilities and equity		<u>2 755 964</u>	<u>2 518 256</u>

Cash Flow Statement

Boa Offshore AS

Figures in 1 000 NOK

	4Q 2015	YTD 2015	Q4 2014	YTD 2014
Cash flow from operating activities				
Profit before income taxes	-32 997	-43 303	877 014	867 099
Gain on investments in subsidiaries	-2 665	-2 665	-862 549	-862 549
Income tax paid	-425	-425	6	-356
Depreciation and write-down	249	994	338	1 506
Gain on sale of tangible fixed assets	0	0	0	33
Gain on sale of financial items	0	-728	0	0
Write-down of financial fixed assets	0	0	141	141
Currency gain/-loss	4 813	15 556	0	0
Changes in inventories	127	189	53	20
Changes in trade receivables	3 301	11 715	-3 303	-6 349
Changes in other receivables	6 276	-5 525	9 803	501
Changes in trade creditors	755	3 636	1 172	-95
Changes in receivables from group companies	-113 291	-249 719	-227 419	-524 945
Changes in other short-term liabilities	35 348	46 741	3 362	970
Net cash flow from operating activities	A	-98 508	-201 382	-524 024
Cash flow from investing activities				
Sale of tangible fixed assets	0	0	0	5 445
Purchase of tangible fixed assets	-3 100	-3 702	-3 834	-5 890
Sale of financial fixed assets	0	0	0	0
Purchase of financial fixed assets	0	-107 069	0	-2 190
Changes in other investments	0	0	-6 512	-6 512
Net cash flow from investing activities	B	-3 100	-110 771	-9 147
Cash flow from financing activities				
Raised long term liabilities	0	292 975	50 000	80 000
Paid in long term liabilities	0	-89 472	-7 771	-15 022
Changes in liabilities	0	0	528	0
Group contribution	42 784	42 784	267 161	261 661
Paid in share capital				
Net cash flow from financing activities	C	42 784	246 287	309 918
Net changes in cash and cash equivalents	A+B+C	-58 824	-88 016	98 190
Cash and cash equivalent start at period		157 651	186 843	393 375
Cash and cash equivalents at end of period		98 827	98 827	186 843

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 Segments**Consolidated**

	OCV vessels*	Seismic vessels*	Barges*	Other / elimination	Total
Operating income	427 459	165 229	73 258	1 017 794	1 683 741
EBITDA	237 883	84 883	6 904	-128 133	201 537
EBIT	177 211	57 636	-17 830	-462 701	-245 683

* OCV vessels: Boa Deep C and Boa Sub C. Seismic vessels: Boa Thalassa and Boa Galatea. Barges in Boa Barges AS.

Note 3 Fixed assets - consolidated

	Vessels	Periodic maintenance	Newbuilding contracts	Equipment	Buildings and land	Sum
Acquisition cost 01.01.	3 486 147	228 552	1 253 313	16 091	5 447	4 989 551
Additions	17 886	51 831	336 985	3 606	400	410 709
Disposals	-1 484	1 471	-30 679	0	0	-30 692
Transfer ¹	692 195	190	-1 118 235	-1 584	0	-427 434
Acquisition cost 31.12.	4 194 744	282 044	441 385	18 114	5 847	4 942 133
Accumulated depr. 01.01.	915 431	78 073	20 665	10 843	0	1 025 011
Acc. depreciation disposals	469	1 470	0	-475	0	1 464
Write-down this period	149 000	0	116 043	0	0	265 043
Depreciation this period	132 260	47 918	0	1 999	0	182 178
Accum. depr. 31.12.	1 197 160	127 461	136 708	12 368	0	1 473 696
Book value 31.12.	2 997 584	154 584	304 677	5 746	5 847	3 468 437

Economic life ²	27-30 years	2,5-10 years	5 years
Depreciation schedule	Linear	Linear	Linear

¹ Newbuilding contracts in Boa PSV AS have been cancelled and activated costs have been transferred to other receivables.

² The economic lifetime has been extended to 27 years for OSV vessels and Tugs, and to 30 years for Barges.

Lease amount on fixed assets, not included in the balance sheet, year to date:

311 352

Note 4 Shareholder's equity**Parent company**

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	1 084 269	1 164 321
Profit of the year	0	0	0	-49 327	-49 327
Equity 31.12.	2 500	74 447	3 106	1 034 942	1 114 994

Consolidated

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	1 552 211	1 632 263
Profit of the year	0	0	0	-462 779	-462 779
Paid in equity	0	0	0	61 000	61 000
Conversion differences	0	0	0	-3 877	-3 877
Equity 31.12.	2 500	74 447	3 106	1 146 555	1 226 607

Minority share of operating result YTD	-133 962
Minority share of total equity	51 728

Note 5 Long term liabilities**Parent company**

Instalments of debt falling due more than 5 years from the balance date:

	2016	2017	2018	2019	2020	→
Instalments	149 753	0	657 840	0	50 000	0

Consolidated

Instalments of debt falling due more than 5 years from the balance date:

	2016	2017	2018	2019	2020	→
Instalments	328 590	243 060	1 190 984	1 053 822	430 597	499 455

Note 6 Consolidated income statement - summary

	4Q 2015	YTD 2015	4Q 2014	YTD 2014
Operating income	348 722	1 683 741	477 369	1 765 482
Operating expenses	358 501	1 482 204	365 356	1 304 757
EBITDA	-9 779	201 537	112 013	460 725
EBITDA %	-3 %	12 %	23 %	26 %
Depreciation and write-down	291 412	447 221	56 772	190 695
EBIT	-301 191	-245 683	55 241	270 030
Net finance	-63 954	-218 094	-115 153	-259 212
Pre tax profit	-365 145	-463 778	-59 912	10 818
Tax	-1 011	-999	-23 913	-21 704
Net profit	-364 134	-462 779	-35 998	32 522

Note 7 Interest bearing debt / equity

Key figures	31.12.2015	31.12.2014
Interest bearing debt	3 746 507	3 649 876
Cash and cash equivalents	482 401	634 206
Net Interest Bearing Debt (NIBD)	3 264 105	3 015 670
NIBD / EBITDA *	16,20	6,55
* Last four quarters		
Booked equity ratio	23,1 %	28,3 %
Value adjusted equity ratio	37,3 %	43,3 %