

Quarterly Report

Boa SBL AS

1Q - 2014

Org.nr. 990 899 576



BOA SBL AS

CEO'S REPORT - 1Q 2014

General Information

The unaudited interim accounts are prepared in accordance with NGAAP.

Nature and location of activities:

The company owns and charters out two special built vessels for EM Technology "Boa Thalassa" and "Boa Galatea". The main office of the company is located in Trondheim. Management of the vessel is performed by Boa Offshore AS.

Review of first quarter 2014 accounts:

Operating income in the period was NOK 31,8 million (NOK 29,5 million in the same period 2013).

EBITDA for the period was NOK 14,9 million (NOK 11,2 million).

Operating expenses were NOK 25,9 million (NOK 26,4 million).

Operating Profit/EBIT was NOK 5,9 million (NOK 3,1 million).

Net financial items were - NOK 5,9 million (- NOK 11,7 million).

Profit before tax was - NOK 0,0 million (- NOK 8,6 million).

Cash flow in the period

Net cash flow from operating activities was NOK 13,2 million (NOK 2,4 million).

Net cash flow from investing activities was NOK 0,0 million (- NOK 0,8 million).

Net cash flow from financing activities was - NOK 5,0 million (- NOK 8,2 million).

Net change in cash was NOK 8,2 million (- NOK 6,6 million).

Balance sheet 31.03.2014

Total assets per 31.03.2014 were NOK 669 million (NOK 581 million per 31.03.2013). Interest bearing debt was NOK 385 million (NOK 287 million), and the equity NOK 207 million (NOK 217 million). The equity ratio decreased to 31,0 % (37,4% per 31.03.2013).

Cash and Cash equivalents per 31.03.2014 were NOK 48,4 million (NOK 19,8 million per 31.03.2013).

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 takes place in USD. The company continuously considers entering into currency futures contracts or other agreements to reduce currency risk.

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:

There have been no events after the end of the financial year that would have material impact on the evaluation of the company's profit and loss account or balance sheet.

Future development:

The market outlook for the seismic segment remains relatively strong. Although several oil companies have announced reduced growth in their investment plans, in a historical view the level of investments is still high. Boa Thalassa and Boa Galatea have been working for EMGS since they were delivered from the yard in 2008 and 2009, respectively. EMGS has so far exercised 2 annual options for Boa Thalassa and 1 annual option for Boa Galatea. The ships are due to this occupied until July 2015 and December 2015. The company expects EMGS to claim the remaining options, which will keep the vessels occupied until December 2016 and July 2017. In addition to a long-term need within the EM seismic segment, the company sees promising opportunities within alternative segments as IMR, lightweight construction and offshore wind-farm segment.

Statement from the Managing Director/CEO

I hereby declare that to the best of my knowledge the interim accounts for the first 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, 30.05.2014



Helge Kvalvik
CEO

Income statement
Boa SBL AS

(figures in NOK 1 000)

	YTD 3 / 2014	YTD 3 / 2013	FY 2013
Operating income and operating exp.			
Operating income	31 765	29 479	125 206
Operating income	31 765	29 479	125 206
Operating expenses ships	3 196	5 485	21 788
Payroll expenses	11 468	9 810	37 743
Depreciation	9 016	8 097	32 389
Other operating expenses	2 227	2 964	10 214
Operating expenses	25 907	26 356	102 133
Operating profit	5 858	3 123	23 073
Financial income and expenses			
Interest income from group entities	1 673	0	4 481
Other interest income	101	204	1 093
Other financial income	781	928	8 260
Interest expenses to group entities	846	2 153	5 217
Other interest expenses	6 883	3 758	40 184
Other financial expenses	694	6 961	20 901
Net financial income and expenses	-5 867	-11 739	-52 467
Operating result before tax	-9	-8 616	-29 394
Tax	0	0	-829
Result after tax	-9	-8 616	-28 566

Balance sheet
Boa SBL AS

(figures in NOK 1 000)

	31.03.2014	31.03.2013	31.12.2013
Assets			
Intangible fixed assets			
Deferred tax asset	12 203	11 374	12 203
Total intangible fixed assets	12 203	11 374	12 203
Fixed assets			
Ships	488 003	520 028	495 890
Total tangible fixed assets	488 003	520 028	495 890
Financial fixed assets			
Other receivables	517	3 525	954
Loan to group companies	96 154	0	94 481
Total financial receivables	96 671	3 525	95 436
Total fixed assets	596 877	534 927	603 529
Current assets			
Debtors			
Accounts receivables	18 268	21 835	23 079
Other receivables	5 527	4 391	1 590
Total debtors	23 795	26 226	24 669
Cash and bank deposits	48 421	19 750	40 219
Total current assets	72 216	45 976	64 888
Total assets	669 093	580 903	668 417

Balance sheet
Boa SBL AS

(figures in NOK 1 000)

	31.03.2014	31.03.2013	31.12.2013
Equity			
Restricted equity			
Share capital	200 100	200 100	200 100
Share premium	14	14	14
Total restricted equity	200 114	200 114	200 114
Retained earnings			
Other equity	7 340	25 999	-2 567
This years retained earnings	-9	-8 616	
Total retained earnings	7 331	17 383	-2 567
Total equity	207 445	217 497	197 547
Liabilities			
Provisions			
Other provisions	0	10 210	8 902
Total provisions	0	10 210	8 902
Other long term liabilities			
Bonds	385 000	286 882	390 000
Group liabilities	60 236	56 669	59 389
Total of other long term liabilities	445 236	343 551	449 389
Current liabilities			
Trade creditors	10 907	5 484	6 876
Other short term liabilities	5 505	4 161	5 702
Total short term liabilities	16 412	9 645	12 578
Total liabilities	461 648	363 407	470 870
Total equity and liabilities	669 093	580 903	668 417

Cash flow statement

Figures in 1 000 NOK	3/2014	3/2013	2013
Cash flow from operating activities			
Profit before income taxes	-9	-8 616	-29 394
Depreciation	9 016	8 097	32 389
Currency gain/-loss		6 515	-
Changes in trade receivables and creditors	8 842	-6 418	-11 980
Changes in receivables from group entities	-826	919	-85 652
Changes in other short-term receivables and liabilities	-3 821	1 891	8 015
Net cash flow from operating activities	13 202	2 388	-86 623
Cash flow from investing activities			
Purchase of tangible fixed assets		-757	-910
Net cash flow from investing activities	-	-757	-910
Cash flow from financing activities			
Repayment of long term liabilities	-5 000	-8 235	-298 602
Raised long term liabilities			400 000
Net cash flow from financing activities	-5 000	-8 235	101 398
Net changes in cash and cash equivalents	8 202	-6 605	13 865
Cash and cash equivalents at 01.01	40 219	26 354	26 354
Cash and cash equivalents at 31.12	48 421	19 750	40 219

Notes to 1Q 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	Drydocking	Total
Acquisition cost start period	649 088		649 088
Additions		8 899	8 899
Disposals			0
Corr. due to change of princ.	-7 771		-7 771
Acquisition cost end period	641 317	8 899	650 216
Accumulated depr. start period	153 198		153 198
Acc. depreciation disposals			0
Depreciation this year	7 972	1 044	9 016
Corr. due to change of princ.			0
Accum. depreciation end period	161 170	1 044	162 214
Book value end period	480 147	7 855	488 003
Economic life	20		
Depreciation schedule	Linear	Linear	

Note 3 Shareholder's equity

	Share capital	Share premium	Other equity	Total
Equity start period	200 100	14	-2 567	197 547
Profit of the year			-9	-9
Change of principles			9 907	9 907
Equity end period	200 100	14	7 331	207 445

Notes to 1Q 2014 report

Note 4 Income statement - summary

	1Q 2014	1Q 2013	FY 2013
Operating income	31 765	29 479	125 206
Operating expences	16 891	18 259	69 744
EBITDA	14 874	11 220	55 462
EBITDA %	47 %	38 %	44 %
Depreciation	9 016	8 097	32 389
EBIT	5 858	3 123	23 073
Net finance	-5 867	-11 739	-52 467
Pre tax profit	-9	-8 616	-29 394
Tax	-	-	-829
Net profit	-9	-8 616	-28 566