



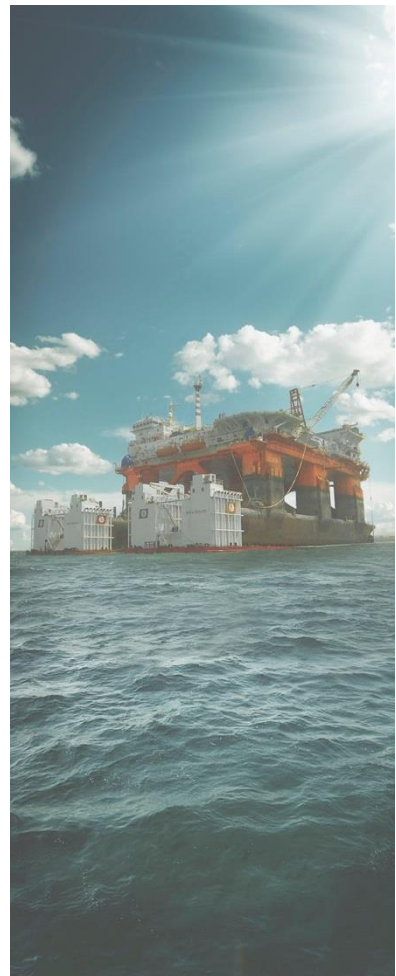
**BOA**

# Quarterly Report

## Boa SBL AS

### 2Q - 2016

Org.nr. 990 899 576



# BOA SBL AS

## CEO'S REPORT – 2Q 2016

### **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 two special built vessels for EM Technology “Boa Thalassa” and “Boa Galatea”, and management of these vessels is undertaken by BOA Offshore AS. The main office of the company is located in Trondheim.

### **Review of second quarter 2016 accounts:**

Operating income in the period was mNOK 11,4 (mNOK 41,1 in the same period 2015).

Operating expenses were mNOK 16,6 (mNOK 26,1).

EBITDA for the period was mNOK 1,7 (mNOK 21,9).

Operating profit/EBIT was mNOK -5,2 (mNOK 15,0).

Net financial items were mNOK -4,0 (mNOK -8,4).

Profit before tax was mNOK -9,2 (mNOK 6,6).

### **Cash flow in the period:**

Net cash flow from operating activities was mNOK 4,8 (mNOK -5,6).

Net cash flow from investing activities was mNOK -2,1 (mNOK 0,0).

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

Net change in cash was mNOK -2,4 (mNOK -10,6).

### **Balance sheet 30.06.2016:**

Total assets per 30.06.2016 were mNOK 646 (mNOK 665 per 30.06.2015). Interest bearing debt was mNOK 340 (mNOK 360), and the equity mNOK 231 (mNOK 230). The equity ratio 35,7 %, decreased from 36,3 % last quarter (34,6 % per 30.06.2015).

Cash and Cash equivalents per 30.06.2016 were mNOK 68,2 (mNOK 47,4 per 30.06.2015).

### **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 as of 30.06.2016 is mNOK 68,2. The company is financed by debt and equity. The company has a bond of mNOK 400 listed at Oslo Stock Exchange Nordic ABN with maturity date in April 2018, and outstanding bond amount per 30.06.2016 is mNOK 340. If the company fails to repay or refinance its loan facility, additional equity financing may be required. If the current market conditions persists over time there is no assurance that the company will not experience cash flow shortfall or to remain in compliance with minimum cash requirements.

*Credit risk*

The company is exposed to the risk that the contracting party 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 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 seismic sector remains challenging and soft due to the fall in oil prices from mid-2014. Exploration seems to be harder hit than the Development part of the E&P value chain when oil companies scale back their E&P investment budgets. The long-term outlook for the offshore seismic sector is still considered to be prospective as global demand for oil and gas continue to grow, and offshore seismic will play an important role in finding new reserves and maintain producing reserves. Although the oil price is up approximately 50 % since the beginning of 2016, it probably needs to increase somewhat further and stabilize at a higher level than today before seeing any notable increase in demand for seismic services.

Boa Thalassa and Boa Galatea have been working for EMGS since they were delivered from the yard in 2008 and 2009, respectively. Boa Thalassa is on a firm contract with EMGS until April 2017, whereas the Boa Galatea ended its firm contract in January 2016 and is now idle and in lay up. EMGS has seen a significant deterioration in sales over the last two years along with the industry. New potential contracts with EMGS or other seismic companies depend on when the oil and gas industry turn again. In addition to the EM seismic segment with EMGS, the SBL vessels can be converted into alternative segments such as accommodation support, Subsea IMR and Survey, lightweight construction and in the offshore wind-farm support. Most of these segments have deteriorated in line with the industry, others still offer opportunities. However, so far the total economics of converting into alternative segments have not been satisfactory.

**Statement from the CEO:**

I hereby declare that to the best of my knowledge the interim accounts for the second quarter of 2016 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 August 2016



Helge Kvalvik  
CEO

**Income Statement**  
**Boa SBL AS**

*(figures in NOK 1 000)*

	<b>2Q 2016</b>	<b>YTD 2016</b>	<b>2Q 2015</b>	<b>YTD 2015</b>
<b>Operating income and operating expenses</b>				
Operating income	11 419	24 446	41 082	81 817
<b>Operating income</b>	<b>11 419</b>	<b>24 446</b>	<b>41 082</b>	<b>81 817</b>
Operating expenses vessels	1 786	3 784	3 790	7 109
Payroll expenses	5 307	10 966	12 583	23 860
Depreciation expenses	6 869	13 738	6 851	13 779
Other operating expenses	2 648	4 881	2 835	5 515
<b>Operating expenses</b>	<b>16 611</b>	<b>33 369</b>	<b>26 059</b>	<b>50 263</b>
<b>Operating result</b>	<b>-5 192</b>	<b>-8 924</b>	<b>15 024</b>	<b>31 554</b>
<b>Financial income and expenses</b>				
Interest income from group companies	1 763	3 567	1 725	3 465
Other interest income	10	17	12	24
Other financial income	2 919	3 541	1 546	6 042
Interest expense to group companies	798	1 587	761	1 505
Other interest expenses	5 645	11 484	6 404	12 775
Other financial expenses	2 226	6 757	4 547	9 209
<b>Financial result</b>	<b>-3 977</b>	<b>-12 705</b>	<b>-8 430</b>	<b>-13 958</b>
<b>Result before tax</b>	<b>-9 169</b>	<b>-21 629</b>	<b>6 594</b>	<b>17 596</b>
Tax on ordinary result				
<b>Result after tax</b>	<b>-9 169</b>	<b>-21 629</b>	<b>6 594</b>	<b>17 596</b>

**Balance Sheet**  
**Boa SBL AS**

	30.06.2016	30.06.2015	31.12.2015
<i>(figures in NOK 1 000)</i>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Deferred tax assets	11 330	12 183	11 330
<b>Total intangible assets</b>	<b>11 330</b>	<b>12 183</b>	<b>11 330</b>
<b>Tangible fixed assets</b>			
Vessels	441 811	463 576	453 423
<b>Total tangible fixed assets</b>	<b>441 811</b>	<b>463 576</b>	<b>453 423</b>
<b>Financial fixed assets</b>			
Loans to group companies	111 704	104 752	108 137
<b>Total financial fixed assets</b>	<b>111 704</b>	<b>104 752</b>	<b>108 137</b>
<b>Total fixed assets</b>	<b>564 846</b>	<b>580 511</b>	<b>572 890</b>
<b>Current assets</b>			
Inventories	191		
<b>Receivables</b>			
Trade receivables	9 198	30 744	15 803
Receivables from group companies	925	1 414	983
Other receivables	3 033	4 933	3 874
<b>Total receivables</b>	<b>13 156</b>	<b>37 091</b>	<b>20 660</b>
Cash and bank deposits	68 234	47 354	91 686
<b>Total current assets</b>	<b>81 581</b>	<b>84 445</b>	<b>112 346</b>
<b>Total assets</b>	<b>646 427</b>	<b>664 957</b>	<b>685 236</b>

**Balance Sheet**  
**Boa SBL AS**

	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>31.12.2015</b>
<i>(figures in NOK 1 000)</i>			
<b>Equity and liabilities</b>			
<b>Restricted equity</b>			
Share capital	200 100	200 100	200 100
Share premium	14	14	14
<b>Total restricted equity</b>	<b>200 114</b>	<b>200 114</b>	<b>200 114</b>
<b>Retained earnings</b>			
Other equity	30 399	29 955	52 027
<b>Total retained earnings</b>	<b>30 399</b>	<b>29 955</b>	<b>52 027</b>
<b>Total equity</b>	<b>230 513</b>	<b>230 069</b>	<b>252 141</b>
<b>Liabilities</b>			
<b>Other long term liabilities</b>			
Bonds	340 000	360 000	350 000
Liabilities to group companies	67 514	64 360	65 927
<b>Total long term liabilities</b>	<b>407 514</b>	<b>424 360</b>	<b>415 927</b>
<b>Short time liabilities</b>			
Trade creditors	2 759	4 943	6 660
Liabilities to group companies	393		4 056
Other short term liabilities	5 249	5 585	6 453
<b>Total short term liabilities</b>	<b>8 400</b>	<b>10 528</b>	<b>17 169</b>
<b>Total liabilities</b>	<b>415 914</b>	<b>434 888</b>	<b>433 096</b>
<b>Total liabilities and equity</b>	<b>646 427</b>	<b>664 957</b>	<b>685 236</b>

## Cash flow statement

Figures in 1 000 NOK	2Q 2016	YTD 2016	2Q 2015	YTD 2015
<b>Cash flow from operating activities</b>				
Profit before income taxes	-9 169	-21 628	6 594	17 596
Depreciation	6 869	13 738	6 851	13 779
Changes in trade receivables and creditors	-3 446	2 704	-18 080	-8 021
Changes in receivables from group entities	11 989	-5 585	-964	-1 960
Changes in other short-term receivables and liabilities	-1 481	-555	-45	4 955
<b>Net cash flow from operating activities</b>	<b>4 762</b>	<b>-11 326</b>	<b>-5 643</b>	<b>26 350</b>
<b>Cash flow from investing activities</b>				
Purchase of tangible fixed assets	-2 126	-2 126	-	-738
<b>Net cash flow from investing activities</b>	<b>-2 126</b>	<b>-2 126</b>	<b>-</b>	<b>-738</b>
<b>Cash flow from financing activities</b>				
Repayment of long term liabilities	-5 000	-10 000	-5 000	-10 000
<b>Net cash flow from financing activities</b>	<b>-5 000</b>	<b>-10 000</b>	<b>-5 000</b>	<b>-10 000</b>
Net changes in cash and cash equivalents	-2 364	-23 452	-10 643	15 612
Cash and cash equivalents start of period	70 598	91 686	57 997	31 742
<b>Cash and cash equivalents end of period</b>	<b>68 234</b>	<b>68 234</b>	<b>47 354</b>	<b>47 354</b>

## Notes to 2Q 2016 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.

#### 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 01.01.16	642 955	25 912	668 867
Additions	2 126	0	2 126
Disposals	0	0	0
<b>Acquisition cost 30.06.16</b>	<b>645 081</b>	<b>25 912</b>	<b>670 993</b>
Accumulated depr. 01.01.16	204 495	10 949	215 444
Acc. depreciation disposals	0	0	0
Depreciation this year	10 790	2 948	13 738
<b>Accum. depreciation 30.06.16</b>	<b>215 285</b>	<b>13 897</b>	<b>229 182</b>
<b>Book value 30.06.16</b>	<b>429 796</b>	<b>12 015</b>	<b>441 811</b>
Economic life	27	2,5 -10	
Depreciation schedule	Linear	Linear	

### Note 3 Shareholder's equity

	Share capital	Share premium	Other equity	Total
Equity 01.01.16	200 100	14	52 027	252 141
Profit for the period	0	0	-21 629	-21 629
<b>Equity 30.06.16</b>	<b>200 100</b>	<b>14</b>	<b>30 398</b>	<b>230 513</b>



## Notes to 2Q 2016 report

**Note 4**            **Income statement - summary**

	<b>2Q 2016</b>	<b>YTD 2016</b>	<b>2Q 2015</b>	<b>YTD 2015</b>
<b>Operating income</b>	<b>11 419</b>	<b>24 446</b>	<b>41 082</b>	<b>81 817</b>
Operating expences	9 742	19 631	19 208	36 484
<b>EBITDA</b>	<b>1 677</b>	<b>4 815</b>	<b>21 874</b>	<b>45 333</b>
EBITDA %	15 %	20 %	53 %	55 %
Depreciation	6 869	13 738	6 851	13 779
<b>EBIT</b>	<b>-5 192</b>	<b>-8 924</b>	<b>15 024</b>	<b>31 554</b>
Net finance	-3 977	-12 705	-8 430	-13 958
<b>Pre tax profit</b>	<b>-9 169</b>	<b>-21 629</b>	<b>6 594</b>	<b>17 596</b>
Tax	-	-	-	-
<b>Net profit</b>	<b>-9 169</b>	<b>-21 629</b>	<b>6 594</b>	<b>17 596</b>