



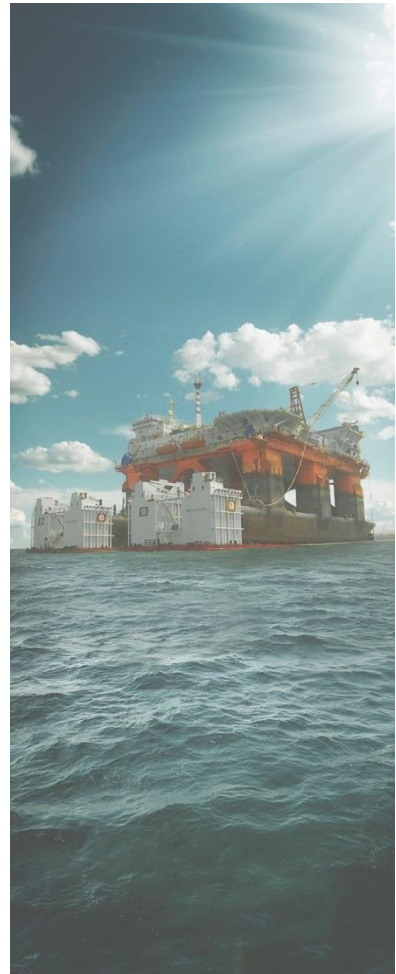
BOA

Quarterly Report

Boa SBL AS

2Q - 2017

Org.nr. 990 899 576



BOA SBL AS

CEO'S REPORT – 2Q 2017

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 2017 accounts:

Operating income in the period was mNOK 0,0 (mNOK 11,4 in the same period 2016).

Operating expenses were mNOK 14,2 (mNOK 16,6).

EBITDA for the period was mNOK -8,0 (mNOK 1,7).

Operating profit/EBIT was mNOK -14,2 (mNOK -5,2).

Net financial items were mNOK -5,1 (mNOK -4,0).

Profit before tax was mNOK -19,3 (mNOK -9,2).

Cash flow in the period:

Net cash flow from operating activities was mNOK -0,5 (mNOK 4,8).

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

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

Net change in cash was mNOK -0,5 (mNOK -2,4).

Balance sheet 30.06.2017:

Total assets per 30.06.2017 were mNOK 594 (mNOK 646 per 30.06.2016). Interest bearing debt was mNOK 330 (mNOK 340), and the equity mNOK 175 (mNOK 231). The equity ratio 29,5 %, decreased from 32,0 % last quarter (35,7 % per 30.06.2016).

Cash and Cash equivalents per 30.06.2017 were mNOK 46,5 (mNOK 68,2 per 30.06.2016).

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 30.06.2017 is mNOK 46,5. The company is financed by debt and equity. The company has a bond of mNOK 400 listed at Oslo Stock Exchange Nordic ABM with maturity date in 2020, and outstanding bond amount per 30.06.2017 is mNOK 330.

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 in the period:

Summons to Bondholders' meeting was sent 22 June 2017.

Events after the Balance sheet date:

The financial restructuring of Boa Group which has been ongoing since end of November 2016 was completed in July. The restructuring includes for the outstanding Boa Group corporate bonds extended maturity dates to December 2020, interest cost to be carried as PIK interest, certain immediate and future cash distributions, and full amortization holiday until maturity with the exception of certain cash sweep and distribution mechanisms. Applied for both the outstanding corporate bonds and bank debt of the Boa Group, all guarantees except Taubåtkompaniet AS' guarantee for the Boa Offshore Sub bond have been discharged. Also all intercompany loans have been discharged or significantly reduced as a part of the solution.

The new financial model also includes a change to the corporate legal structure, where management of the Group's vessels now will be performed by Boa Management AS instead of previously Boa Offshore AS. Boa Management is a subsidiary of Boa Shipping AS. Furthermore, the financial restructuring contains certain requirements to sale and realization of assets for the Boa Offshore Group and its parent Taubåtkompaniet AS (TBK). The objective of the financial restructuring is to form a sustainable financial solution to the Boa Group in a sustained challenging environment for offshore vessels. More comprehensive information and details regarding the financial restructuring can be found in the summons to Bondholder's meeting dated 22 June 2017.

Boa SBL AS received mNOK17,8 as gross initial cash distribution from Boa Offshore AS at closing.

There have been no other significant events after the end of the second quarter that have material impact on the evaluation of the Group's profit and loss account or balance sheet as of 30.06.2017.

TBK Asset realization – update:

Boa Eiendom AS (Eiendom) has sold the following assets; shares in Trondheim Maritime Senter AS and Fremo Næringspark AS, real estate in Ånn, Sweden. Eiendom has also received their part of the Initial Cash Distribution on their bonds holding (Boa Unsec). The significant assets remaining are shares in Royal Garden, 2 helicopters and their Boa Unsec' bonds holding. Sales processes for Royal Garden and helicopters are ongoing. Current cash position in Eiendom is approximately mNOK 21.

Boa Investment AS (Investment) and the subsidiary Nordenfjeldske Luftfart AS (NFL); NFL has sold their shares in Helitrans AS. The helicopters are on a dry lease to Helitrans until February 2020. The lease has a 3 month termination clause for the lessee and also a first right to buy the helicopters. Negotiations and sales process is initiated and will be continued. Current cash position in Investment/NFL is approximately mNOK 25.

Intercompany claims in NFL/Investment/Eiendom are or will be settled as part of the process, and to the extent agreed upon with financial creditors in the respective companies. Clarification with financial creditors is ongoing.

The total estimated distribution from the TBK Asset realization is unchanged and in the range of mNOK 80-120. About mNOK 20-30 of this is estimated to be distributed in 3Q 17.

Future development and subsequent events after the period:

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 related services will play an important role in finding new reserves and maintain producing reserves.

Towards the end of 2016 a certain up-tick in activity was seen among the traditional seismic players as a result of the recovery in oil prices since the beginning of 2016. In the short term the magnitude of this recovery in seismic related services (including EM seismic) is most likely not sufficient to re-activate the Boa Galatea.

Boa Thalassa and Boa Galatea have been working for EMGS since they were delivered from the yard in 2008 and 2009, respectively. In January 2017 EMGS signed a new two year firm contract for Boa Thalassa with commencement 1 October 2017, or earlier in EMGS's option. In addition the new contract includes three 6

months options. The vessel is currently idle after ending its previous contract with EMGS end of first quarter 2017.

The Boa Galatea ended its firm contract with EMGS in January 2016 and remains in lay-up. EMGS has seen a significant deterioration in sales over the last three years along with the industry. New potential contracts with EMGS or other seismic companies depend on the magnitude of the oil and gas industry recovery. 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 offshore wind-farm support. Most of these segments have deteriorated in line with the industry, others offer some 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 2017 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, 30 August 2017



Helge Kvalvik
CEO

Income Statement
Boa SBL AS

(figures in NOK 1 000)

	2Q 2017	YTD 2017	2Q 2016	YTD 2016
Operating income and operating expenses				
Operating income	46	11 938	11 419	24 446
Operating income	46	11 938	11 419	24 446
Operating expenses vessels	1 617	3 568	1 786	3 784
Payroll expenses	3 306	8 519	5 307	10 966
Depreciation expenses	6 241	12 777	6 869	13 738
Other operating expenses	3 076	6 351	2 648	4 881
Operating expenses	14 240	31 215	16 611	33 369
Operating result	-14 194	-19 277	-5 192	-8 924
Financial income and expenses				
Interest income from group companies	1 857	3 753	1 763	3 567
Other interest income	8	18	10	17
Other financial income	2 166	2 260	2 919	3 541
Interest expense to group companies	828	1 638	798	1 587
Other interest expenses	5 774	11 366	5 645	11 484
Other financial expenses	2 490	3 667	2 226	6 757
Financial result	-5 062	-10 640	-3 977	-12 705
Result before tax	-19 256	-29 917	-9 169	-21 629
Tax on ordinary result	15	175	-	-
Result after tax	-19 271	-30 092	-9 169	-21 629

Balance Sheet
Boa SBL AS

	30.06.2017	30.06.2016	31.12.2016
<i>(figures in NOK 1 000)</i>			
Fixed assets			
Intangible fixed assets			
Deferred tax assets	32 539	11 330	32 539
Total intangible assets	32 539	11 330	32 539
Tangible fixed assets			
Vessels	387 837	441 811	400 614
Total tangible fixed assets	387 837	441 811	400 614
Financial fixed assets			
Loans to group companies	121 310	111 704	115 283
Total financial fixed assets	121 310	111 704	115 283
Total fixed assets	541 686	564 846	548 437
Current assets			
Inventories	1 285	191	188
Receivables			
Trade receivables	346	9 198	13 660
Receivables from group companies	167	925	925
Other receivables	3 754	3 033	2 828
Total receivables	4 267	13 156	17 413
Cash and bank deposits	46 453	68 234	46 999
Total current assets	52 005	81 581	64 600
Total assets	593 691	646 427	613 037

Balance Sheet
Boa SBL AS

	30.06.2017	30.06.2016	31.12.2016
<i>(figures in NOK 1 000)</i>			
Equity and liabilities			
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	-24 807	30 399	5 285
Total retained earnings	-24 807	30 399	5 285
Total equity	175 307	230 513	205 399
Liabilities			
Other long term liabilities			
Bonds	330 000	340 000	330 000
Liabilities to group companies	70 785	67 514	69 147
Total long term liabilities	400 785	407 514	399 147
Short time liabilities			
Trade creditors	1 225	2 759	2 357
Liabilities to group companies	-	393	24
Other short term liabilities	16 374	5 249	6 110
Total short term liabilities	17 599	8 400	8 491
Total liabilities	418 384	415 914	407 638
Total liabilities and equity	593 691	646 427	613 037

Cash flow statement

Figures in 1 000 NOK	2Q 2017	YTD 2017	2Q 2016	YTD 2016
Cash flow from operating activities				
Profit before income taxes	-19 271	-29 932	-9 169	-21 628
Paid taxes	-	-160	-	-
Depreciation and write-down	6 241	12 777	6 869	13 738
Changes in trade receivables and creditors	11 936	12 182	-3 446	2 704
Changes in receivables from group entities	-2 408	-3 655	11 989	-5 585
Changes in other short-term receivables and liabilities	3 027	8 242	-1 481	-555
Net cash flow from operating activities	-475	-546	4 762	-11 326
Cash flow from investing activities				
Purchase of tangible fixed assets	-	-	-2 126	-2 126
Net cash flow from investing activities	-	-	-2 126	-2 126
Cash flow from financing activities				
Repayment of long term liabilities	-	-	-5 000	-10 000
Net cash flow from financing activities	-	-	-5 000	-10 000
Net changes in cash and cash equivalents	-475	-546	-2 364	-23 452
Cash and cash equivalents start of period	46 928	46 999	70 598	91 686
Cash and cash equivalents end of period	46 453	46 453	68 234	68 234

Notes to 2Q 2017 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.

Note 2 Fixed assets

	Vessels	Periodic maintenance	Total
Acquisition cost 01.01.17	645 787	25 912	671 699
Additions	0	0	0
Disposals	0	0	0
Acquisition cost 30.06.17	645 787	25 912	671 699
Accumulated depr. 01.01.17	254 240	16 845	271 085
Acc. depreciation disposals	0	0	0
Depreciation this year	10 136	2 641	12 777
Write-down this year	0	0	0
Accum. depreciation 30.06.17	264 376	19 486	283 862
Book value 30.06.17	381 411	6 426	387 837
Economic life	27	2,5 -10	
Depreciation schedule	Linear	Linear	

Note 3 Shareholder's equity

	Share capital	Share premium	Other equity	Total
Equity 01.01.17	200 100	14	5 285	205 399
Profit for the period	0	0	-30 092	-30 092
Equity 30.06.17	200 100	14	-24 807	175 307

Note 4 Income statement - summary

	2Q 2017	YTD 2017	2Q 2016	YTD 2016
Operating income	46	11 938	11 419	24 446
Operating expences	7 999	18 438	9 742	19 631
EBITDA	-7 953	-6 500	1 677	4 815
EBITDA %	0 %	0 %	15 %	20 %
Depreciation and write-down	6 241	12 777	6 869	13 738
EBIT	-14 194	-19 277	-5 192	-8 923
Net finance	-5 062	-10 640	-3 977	-12 705
Pre tax profit	-19 256	-29 917	-9 169	-21 629
Tax	15	175	0	0
Net profit	-19 271	-30 092	-9 169	-21 629

Notes to 2Q 2017 report

Note 5 Utilization, income and expenses per vessel

2Q 2017	Boa Thalassa	Boa Galatea
Operating income	46	-
Operating expenses	5 651	2 297
EBITDA	-5 604	-2 297
Utilization	0 %	0 %