



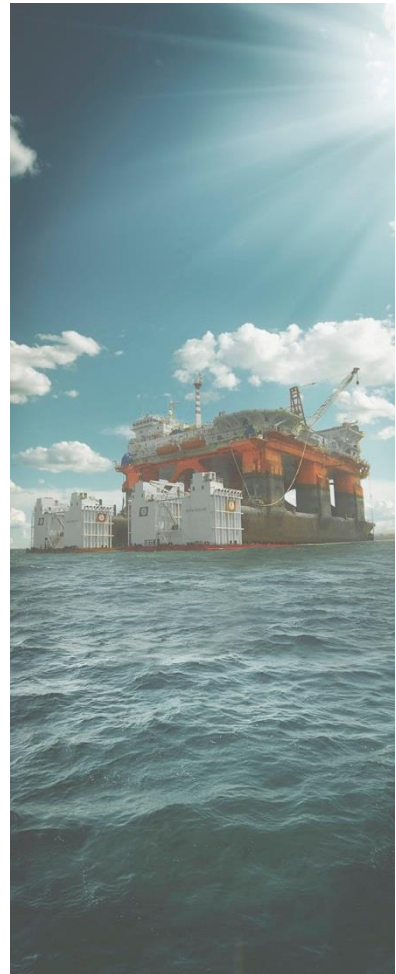
BOA

Quarterly Report

Boa SBL AS

4Q - 2017

Org.nr. 990 899 576



BOA SBL AS

CEO'S REPORT – 4Q 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 Management AS. The main office of the company is located in Trondheim.

Review of fourth quarter 2017 accounts:

Operating income in the period was mNOK 13,6 (mNOK 16,0 in the same period 2016).

EBITDA for the period was mNOK 2,7 (mNOK 2,7).

Operating expenses were mNOK 55,2 (mNOK 48,4).

Operating profit/EBIT was mNOK -41,5 (mNOK -32,3).

Net financial items were mNOK -7,7 (mNOK -2,4).

Profit before tax was mNOK -49,3 (mNOK -34,7).

Deferred tax asset of 32,5 mNOK has been reversed.

Cash flow in the period:

Net cash flow from operating activities was mNOK -2,3 (mNOK -2,3).

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

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

Net change in cash was mNOK -2,3 (mNOK -7,5).

Balance sheet 31.12.2017:

Total assets per 31.12.2017 were mNOK 430 (mNOK 613 per 31.12.2016). Interest bearing debt was mNOK 355 (mNOK 330), and the equity mNOK 65 (mNOK 205). The equity ratio 15,1 %, decreased from 29,2 % last quarter (33,5 % per 31.12.2016).

Cash and Cash equivalents per 31.12.2017 were mNOK 48,5 (mNOK 47,0 per 31.12.2016).

Financial risk:

Interest risk

The company is exposed to interest rate fluctuations on long-term debt. At present the interest cost is fixed and is carried as non-cash PIK interest.

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 31.12.2017 is mNOK 48,5. 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 31.12.2017 is mNOK 355.

After the financial restructuring completed in July 2017 interest cost in Boa SBL AS is carried as non-cash PIK interest, where accrued interest will be added to the outstanding debt on a quarterly basis as PIK bonds.

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 other significant events after the end of the fourth quarter that have material impact on the evaluation of the Group's profit and loss account or balance sheet as of 31.12.2017.

TBK Asset realization – update:

Boa Eiendom AS (Eiendom) has sold all significant assets except their Boa Unsec' bonds holding. The sale include the following assets; Shares in Trondheim Maritime Senter AS and Fremo Næringspark AS, the real estate in Ånn in Sweden, two helicopters internally to Nordenfjeldske Luftfart AS (NFL) and the shares in Royal Garden.

Eiendom has earlier received its part of the Initial Cash Distribution on its bonds holding (Boa Unsec), and has in this quarter received its part of the TBK asset realization (gross mNOK 17,5 in the beginning of October, gross mNOK 13 in the beginning of December and gross mNOK 15 in the end of December).

Boa Investment AS (Investment) and the subsidiary Nordenfjeldske Luftfart AS (NFL); NFL has previously sold their shares in Helitrans AS. The helicopters are on a dry lease to Helitrans until February 2020. The lease has a three month termination clause for the lessee and also a first right to buy the helicopters. A total of five helicopters are sold externally. Of this, two smaller helicopters are sold in October and insurance settlement for one of the helicopters was received in November. The current cash position in Investment/NFL is approximately mNOK 15.

Intercompany claims in NFL/Investment 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 distribution in 4Q 2017 was mNOK 45,5. The estimated total distribution from the TBK Asset realization is unchanged and still in the range of mNOK 80-120.

Future development and subsequent events after the period:

The short to medium term outlook for the seismic sector remains challenging despite a certain up-tick in activity has been seen among the traditional seismic players over the last 12 months as a result of the recovery in oil prices since the beginning of 2016. In the short to medium term the magnitude of this recovery in seismic related services (including EM seismic) is most likely not sufficient to re-activate the Boa Galatea, as the up-tick comes from a very low level.

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.

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 that commenced 1st October 2017. In addition the contract includes three 6 months options. The Boa Galatea ended its firm contract with EMGS in January 2016 and has since then been in lay-up. EMGS has seen a significant deterioration in sales over the last three years along with the industry. A modest improvement in activity from low levels has been seen in EMGS the last quarters. 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 and employed in 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, offering few opportunities at reasonable rates and satisfactory economics.

Statement from the CEO:

I hereby declare that to the best of my knowledge the interim accounts for the fourth 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, 28 February 2018



Helge Kvalvik
CEO

Income Statement
Boa SBL AS

(figures in NOK 1 000)

| | 4Q 2017 | FY 2017 | 4Q 2016 | FY 2016 |
|--|----------------|-----------------|----------------|----------------|
| Operating income and operating expenses | | | | |
| Operating income | <u>13 643</u> | <u>25 598</u> | <u>16 034</u> | <u>51 773</u> |
| Operating expenses vessels | 2 493 | 8 797 | 3 999 | 9 611 |
| Payroll expenses | 5 061 | 16 616 | 5 872 | 21 389 |
| Depreciation expenses | 6 278 | 25 330 | 6 904 | 27 540 |
| Write-down | 38 000 | 38 000 | 28 100 | 28 100 |
| Other operating expenses | 3 340 | 12 720 | 3 501 | 11 850 |
| Operating expenses | <u>55 172</u> | <u>101 464</u> | <u>48 377</u> | <u>98 490</u> |
| Operating result | <u>-41 530</u> | <u>-75 866</u> | <u>-32 343</u> | <u>-46 718</u> |
| Financial income and expenses | | | | |
| Interest income from group companies | 102 | 4 260 | 1 797 | 7 146 |
| Other interest income | 8 | 36 | 14 | 36 |
| Other financial income | 1 262 | 4 228 | 3 974 | 7 923 |
| Interest expense to group companies | 0 | 1 638 | 816 | 3 220 |
| Other interest expenses | 8 217 | 27 441 | 5 636 | 22 717 |
| Other financial expenses | 884 | 11 106 | 1 708 | 10 575 |
| Financial result | <u>-7 729</u> | <u>-31 662</u> | <u>-2 375</u> | <u>-21 407</u> |
| Result before tax | <u>-49 259</u> | <u>-107 528</u> | <u>-34 718</u> | <u>-68 125</u> |
| Tax on ordinary result | 32 538 | 32 713 | -21 209 | -21 382 |
| Result after tax | <u>-81 797</u> | <u>-140 241</u> | <u>-13 510</u> | <u>-46 742</u> |

Balance Sheet
Boa SBL AS

| | 31.12.2017 | 31.12.2016 |
|-------------------------------------|----------------|----------------|
| <i>(figures in NOK 1 000)</i> | | |
| Fixed assets | | |
| Intangible fixed assets | | |
| Deferred tax assets | 0 | 32 539 |
| Total intangible assets | <u>0</u> | <u>32 539</u> |
| Tangible fixed assets | | |
| Vessels | 339 970 | 400 614 |
| Total tangible fixed assets | <u>339 970</u> | <u>400 614</u> |
| Financial fixed assets | | |
| Loans to group companies | 30 093 | 115 283 |
| Total financial fixed assets | <u>30 093</u> | <u>115 283</u> |
| Total fixed assets | <u>370 062</u> | <u>548 437</u> |
| Current assets | | |
| Inventories | 85 | 188 |
| Receivables | | |
| Trade receivables | 9 405 | 13 660 |
| Receivables from group companies | 74728 | 925 |
| Other receivables | 2 053 | 2 828 |
| Total receivables | <u>11 533</u> | <u>17 413</u> |
| Cash and bank deposits | 48 492 | 46 999 |
| Total current assets | <u>60 110</u> | <u>64 600</u> |
| Total assets | <u>430 174</u> | <u>613 037</u> |

Balance Sheet
Boa SBL AS

| | 31.12.2017 | 31.12.2016 |
|-------------------------------------|------------------------|-----------------------|
| <i>(figures in NOK 1 000)</i> | | |
| Equity and liabilities | | |
| Restricted equity | | |
| Share capital | 200 100 | 200 100 |
| Share premium | 14 | 14 |
| Total restricted equity | <u>200 114</u> | <u>200 114</u> |
| Retained earnings | | |
| Other equity | -134 956 | 5 285 |
| Total retained earnings | <u>-134 956</u> | <u>5 285</u> |
| Total equity | <u>65 158</u> | <u>205 399</u> |
| Liabilities | | |
| Other long term liabilities | | |
| Bonds | 355 267 | 330 000 |
| Liabilities to group companies | 0 | 69 147 |
| Total long term liabilities | <u>355 267</u> | <u>399 147</u> |
| Short time liabilities | | |
| Trade creditors | 2 421 | 2 357 |
| Liabilities to group companies | | 24 |
| Other short term liabilities | 7 327 | 6 110 |
| Total short term liabilities | <u>9 748</u> | <u>8 491</u> |
| Total liabilities | <u>365 016</u> | <u>407 638</u> |
| Total liabilities and equity | <u>430 174</u> | <u>613 037</u> |

Notes to 4Q 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. | 645 787 | 25 912 | 671 699 |
| Additions | 2 686 | 0 | 2 686 |
| Acquisition cost 31.12. | 648 473 | 25 912 | 674 385 |
| Accumulated depr. 01.01. | 254 240 | 16 845 | 271 085 |
| Depreciation this year | 20 343 | 4 987 | 25 330 |
| Write-down this year | 38 000 | 0 | 38 000 |
| Accum. depreciation 31.12. | 312 583 | 21 832 | 334 415 |
| Book value 31.12. | 335 890 | 4 080 | 339 969 |
| 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. | 200 100 | 14 | 5 285 | 205 399 |
| Profit for the period | 0 | 0 | -140 241 | -140 241 |
| Equity 31.12 | 200 100 | 14 | -134 956 | 65 158 |

Note 4 Income statement - summary

| | 4Q 2017 | FY 2017 | 4Q 2016 | FY 2016 |
|-----------------------------|----------------|-----------------|----------------|----------------|
| Operating income | 13 643 | 25 598 | 16 034 | 51 773 |
| Operating expences | 10 895 | 38 134 | 13 373 | 42 850 |
| EBITDA | 2 748 | -12 536 | 2 661 | 8 923 |
| EBITDA % | 20 % | -49 % | 17 % | 17 % |
| Depreciation and write-down | 44 278 | 63 330 | 35 004 | 55 640 |
| EBIT | -41 530 | -75 866 | -32 343 | -46 717 |
| Net finance | -7 729 | -31 662 | -2 375 | -21 407 |
| Pre tax profit | -49 259 | -107 528 | -34 718 | -68 123 |
| Tax | 32 538 | 32 713 | -21 209 | -21 382 |
| Net profit | -81 797 | -140 241 | -13 510 | -46 742 |

Notes to 4Q 2017 report

Note 5 Utilization, income and expenses per vessel

| 4Q 2017 | Boa Thalassa | Boa Galatea |
|--------------------|---------------------|--------------------|
| Operating income | 13 643 | 0 |
| Operating expenses | 8 274 | 2 605 |
| EBITDA | 5 369 | -2 605 |
| Utilization | 100 % | 0 % |