

# Quarterly Report

## Boa SBL AS

### 4Q - 2014

Org.nr. 990 899 576



# BOA SBL AS

## CEO'S REPORT - 4Q 2014

### General Information

The unaudited interim report is prepared in accordance with NGAAP.

### Nature and location of activities:

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

### Review of fourth quarter 2014 accounts:

Operating income in the period was NOK 30,5 million (NOK 32,3 million in the same period 2013).

EBITDA for the period was NOK 19,9 million (NOK 16,6 million).

Operating expenses were NOK 20,3 million (NOK 23,8 million).

Operating Profit/EBIT was NOK 10,2 million (NOK 8,5 million).

Net financial items were - NOK 5,3 million (- NOK 5,5 million).

Profit before tax was NOK 4,9 million (NOK 3,0 million).

### Cash flow in the period

Net cash flow from operating activities was - NOK 5,3 million (NOK 5,6 million).

Net cash flow from investing activities was - NOK 0,3 million (- NOK 0,8 million).

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

Net change in cash was - NOK 10,6 million (- NOK 0,2 million).

### Balance sheet 31.12.2014

Total assets per 31.12.2014 were NOK 656 million (NOK 668 million per 31.12.2013). Interest bearing debt was NOK 370 million (NOK 390 million), and the equity NOK 212 million (NOK 198 million). The equity ratio 32,4 %, increased from last quarter (29,6 % per 31.12.2013).

Cash and Cash equivalents per 31.12.2014 were NOK 31,7 million (NOK 40,2 million per 31.12.2013).

### 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 period that would have material impact on the evaluation of the company's profit and loss account or balance sheet.

**Future development:**

The short-term outlook for the seismic sector has become more uncertain on the back of the drop in oil prices from mid 2014. Despite a 30% recovery of the Brent oil price from the January 2015 low to the current USD60/bbl, oil prices probably need to recover to the USD70-80/bbl range to spur demand growth again in general. Exploration seems to be harder hit than the Development part of the E&P value chain when oil companies now scale back their E&P investment budgets. The EM niche of the seismic sector could potentially develop better than traditional seismic, where EMGS is the clear market leader. 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.

Boa Thalassa and Boa Galatea have been working for EMGS since they were delivered from the yard in 2008 and 2009, respectively. Boa Thalassa and Boa Galatea are occupied until December 2015 and July 2016 on firm contracts with EMGS. In addition to the EM seismic segment with EMGS, the company sees opportunities for the SBL vessels within alternative segments such as accommodation support, Subsea IMR and Survey, lightweight construction and in the offshore wind-farm segment.

**Statement from the CEO**

I hereby declare that to the best of my knowledge the interim accounts for the fourth 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, 27 February 2015



Helge Kvalvik  
CEO

## Income statement

### Boa SBL AS

(figures in NOK 1 000)

	Q4 2014	YTD 2014	Q4 2013	YTD 2013
<b>Operating income and operating exp.</b>				
Operating income	30 512	121 150	32 301	125 206
<b>Operating income</b>	<b>30 512</b>	<b>121 150</b>	<b>32 301</b>	<b>125 206</b>
Operating expenses ships	2 272	13 851	6 921	21 788
Payroll expenses	7 072	36 444	6 262	37 743
Depreciation	9 671	37 228	8 097	32 389
Other operating expenses	1 309	7 086	2 522	10 214
<b>Operating expenses</b>	<b>20 324</b>	<b>94 609</b>	<b>23 803</b>	<b>102 133</b>
<b>Operating profit</b>	<b>10 189</b>	<b>26 541</b>	<b>8 499</b>	<b>23 073</b>
<b>Financial income and expenses</b>				
Interest income from group entities	1 703	6 805	1 631	4 481
Other interest income	140	653	340	1 093
Other financial income	2 795	6 712	1 293	8 260
Interest expenses to group entities	890	3 466	834	5 217
Other interest expenses	6 779	27 589	7 197	40 184
Other financial expenses	2 258	4 618	729	20 901
<b>Net financial income and expenses</b>	<b>-5 290</b>	<b>-21 503</b>	<b>-5 497</b>	<b>-52 467</b>
<b>Operating result before tax</b>	<b>4 899</b>	<b>5 038</b>	<b>3 002</b>	<b>-29 394</b>
Tax	20	20	-829	-829
<b>Result after tax</b>	<b>4 879</b>	<b>5 018</b>	<b>3 831</b>	<b>-28 566</b>

**Balance sheet**  
**Boa SBL AS**

*(figures in NOK 1 000)*

	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Assets</b>		
<b>Intangible fixed assets</b>		
Deferred tax asset	12 183	12 203
<b>Total intangible fixed assets</b>	<b>12 183</b>	<b>12 203</b>
<b>Fixed assets</b>		
Ships	476 617	495 890
<b>Total tangible fixed assets</b>	<b>476 617</b>	<b>495 890</b>
<b>Financial fixed assets</b>		
Other receivables	0	954
Loan to group companies	101 287	94 481
<b>Total financial receivables</b>	<b>101 287</b>	<b>95 436</b>
<b>Total fixed assets</b>	<b>590 086</b>	<b>603 529</b>
<b>Current assets</b>		
<b>Debtors</b>		
Accounts receivables	25 338	23 079
Other receivables	9 293	1 590
<b>Total debtors</b>	<b>34 630</b>	<b>24 669</b>
Cash and bank deposits	31 742	40 219
<b>Total current assets</b>	<b>66 372</b>	<b>64 888</b>
<b>Total assets</b>	<b>656 458</b>	<b>668 417</b>

**Balance sheet**  
**Boa SBL AS**

*(figures in NOK 1 000)*

	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	200 100	200 100
Share premium	14	14
<b>Total restricted equity</b>	<b>200 114</b>	<b>200 114</b>
<b>Retained earnings</b>		
Other equity	12 359	-2 567
<b>Total retained earnings</b>	<b>12 359</b>	<b>-2 567</b>
<b>Total equity</b>	<b>212 473</b>	<b>197 547</b>
<b>Liabilities</b>		
<b>Provisions</b>		
Other provisions	0	8 902
<b>Total provisions</b>	<b>0</b>	<b>8 902</b>
<b>Other long term liabilities</b>		
Bonds	370 000	390 000
Group liabilities	62 855	59 389
<b>Total of other long term liabilities</b>	<b>432 855</b>	<b>449 389</b>
<b>Current liabilities</b>		
Trade creditors	6 141	6 876
Other short term liabilities	4 989	5 702
<b>Total short term liabilities</b>	<b>11 131</b>	<b>12 578</b>
<b>Total liabilities</b>	<b>443 985</b>	<b>470 870</b>
<b>Total equity and liabilities</b>	<b>656 458</b>	<b>668 417</b>

## Cash flow statement

Figures in 1 000 NOK

Q4 2014 YTD 2014 Q4 2013 YTD 2013

### Cash flow from operating activities

Profit before income taxes	4 898	5 038	3 002	-29 394
Depreciation	9 671	37 228	8 097	32 389
Changes in trade receivables and creditors	-19 318	3 275	-1 779	-11 980
Changes in receivables from group entities	-2 019	-10 341	-3 584	-85 652
Changes in other short-term receivables and liabilities	1 485	-6 850	-176	8 015
<b>Net cash flow from operating activities</b>	<b>-5 283</b>	<b>28 350</b>	<b>5 560</b>	<b>-86 623</b>

### Cash flow from investing activities

Purchase of tangible fixed assets	-275	-16 827	-778	-910
<b>Net cash flow from investing activities</b>	<b>-275</b>	<b>-16 827</b>	<b>-778</b>	<b>-910</b>

### Cash flow from financing activities

Repayment of long term liabilities	-5 000	-20 000	-5 000	-298 602
Raised long term liabilities	0	0	0	400 000
<b>Net cash flow from financing activities</b>	<b>-5 000</b>	<b>-20 000</b>	<b>-5 000</b>	<b>101 398</b>

Net changes in cash and cash equivalents	-10 558	-8 477	-218	13 865
Cash and cash equivalents start of period	42 300	40 219	40 437	26 354
<b>Cash and cash equivalents end of period</b>	<b>31 742</b>	<b>31 742</b>	<b>40 219</b>	<b>40 219</b>

## Notes to Q4 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	Periodic maintenanc e	Total
Acquisition cost 01.01.14	649 088		649 088
Additions	2 565	14 262	16 827
Disposals			0
Corr. due to change of princ.	-10 000	8 899	-1 101
<b>Acquisition cost 31.12.14</b>	<b>641 653</b>	<b>23 161</b>	<b>664 814</b>
Accumulated depr. 01.01.14	153 198		153 198
Acc. depreciation disposals			0
Depreciation this year	31 960	5 268	37 228
Corr. due to change of princ.	-2 229		-2 229
<b>Accum. depreciation 31.12.14</b>	<b>182 929</b>	<b>5 268</b>	<b>188 197</b>
<b>Book value 31.12.14</b>	<b>458 724</b>	<b>17 893</b>	<b>476 617</b>
Economic life	20		
Depreciation schedule	Linear	Linear	



## Notes to Q4 2014 report

### Note 3 Shareholder's equity

	Share capital	Share premium	Other equity	Total
Equity 01.01.14	200 100	14	-2 567	197 547
Profit for the period			5 018	5 018
Change of principles			9 907	9 907
<b>Equity 31.12.14</b>	<b>200 100</b>	<b>14</b>	<b>12 359</b>	<b>212 473</b>

### Note 4 Income statement - summary

	Q4 2014	YTD 2014	Q4 2013	YTD 2013
<b>Operating income</b>	<b>30 512</b>	<b>121 150</b>	<b>32 301</b>	<b>125 206</b>
Operating expenses	10 652	57 381	15 705	69 744
<b>EBITDA</b>	<b>19 860</b>	<b>63 769</b>	<b>16 596</b>	<b>55 462</b>
EBITDA %	65 %	53 %	51 %	44 %
Depreciation	9 671	37 228	8 097	32 389
<b>EBIT</b>	<b>10 189</b>	<b>26 541</b>	<b>8 499</b>	<b>23 073</b>
Net finance	-5 290	-21 503	-5 497	-52 467
<b>Pre tax profit</b>	<b>4 899</b>	<b>5 038</b>	<b>3 002</b>	<b>-29 394</b>
Tax	20	20	-829	-829
<b>Net profit</b>	<b>4 879</b>	<b>5 018</b>	<b>3 831</b>	<b>-28 566</b>