



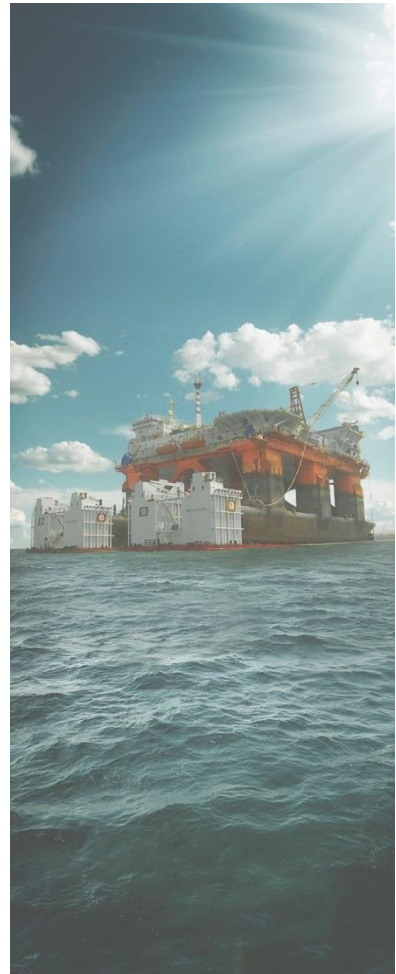
BOA

Quarterly Report

Boa SBL AS

4Q - 2016

Org.nr. 990 899 576



BOA SBL AS

CEO'S REPORT – 4Q 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 fourth quarter 2016 accounts:

Operating income in the period was mNOK 16,0 (mNOK 39,5 in the same period 2015).

Operating expenses were mNOK 48,4 (mNOK 30,2).

EBITDA for the period was mNOK 2,7 (mNOK 16,2).

Operating profit/EBIT was mNOK -32,3 (mNOK 9,3).

Net financial items were mNOK -2,4 (mNOK -2,5).

Profit before tax was mNOK -34,7 (mNOK 6,8).

Cash flow in the period:

Net cash flow from operating activities was mNOK -2,3 (mNOK 33,4).

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

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

Net change in cash was mNOK -7,5 (mNOK 28,3).

Balance sheet 31.12.2016:

Total assets per 31.12.2016 were mNOK 613 (mNOK 685 per 31.12.2015). Interest bearing debt was mNOK 330 (mNOK 350), and the equity mNOK 205 (mNOK 252). The equity ratio 33,5 %, decreased from 34,8 % last quarter (36,8 % per 31.12.2015).

Cash and Cash equivalents per 31.12.2016 were mNOK 47,0 (mNOK 91,7 per 31.12.2015).

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 31.12.2016 is mNOK 47,0. 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 April 2018, and outstanding bond amount per 31.12.2016 is mNOK 330. 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 in the period – ongoing financial restructuring:

At the end of November 2016 a proposal for a restructuring of the company's balance sheet was initiated as part of a larger restructuring for the Boa Group. This is presented to and discussed with the company's financial creditors and these discussions are progressing. The asset cover ratio covenant is in breach by the end of fourth quarter 2016.

While these discussions are ongoing with the creditors, the company continue to operate normally in all material respects, upholding the highest level of service to all its customers and continue to honor all its external suppliers and trade creditors. Since the process was initiated, no interest or amortization has been paid and will not be paid to financial or intercompany creditors during the restructuring process.

Future development and subsequent events after the period:

The short to medium term outlook for the seismic sector remains very 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 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.

Boa Thalassa and Boa Galatea have been working for EMGS since they were delivered from the yard in 2008 and 2009, respectively. Thalassa is on a firm contract with EMGS until 1st April 2017. In January EMGS signed a new two year firm contract with commencement 1st October 2017, or earlier in EMGS's option. In addition the new contract includes three 6 months options. 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 two-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 fourth 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. It should be noted that the group's financial position, liquidity situation, liabilities and the principles for valuation of its assets may be affected by i.a. the ongoing restructuring process.

Trondheim, 28 February 2017



Helge Kvalvik
CEO

Income Statement
Boa SBL AS

(figures in NOK 1 000)

	4Q 2016	FY 2016	4Q 2015	FY 2015
Operating income and operating expenses				
Operating income	16 034	51 773	39 502	165 229
Operating expenses vessels	3 999	9 611	5 978	17 870
Payroll expenses	5 872	21 389	11 750	48 896
Depreciation expenses	6 904	27 540	6 869	27 247
Write-down	28 100	28 100		
Other operating expenses	3 501	11 850	5 601	13 580
Operating expenses	48 377	98 490	30 198	107 593
Operating result	-32 343	-46 718	9 305	57 636
Financial income and expenses				
Interest income from group companies	1 797	7 146	1 685	6 851
Other interest income	14	36		45
Other financial income	3 974	7 923	3 019	13 916
Interest expense to group companies	816	3 220	788	3 072
Other interest expenses	5 636	22 717	5 967	24 945
Other financial expenses	1 708	10 575	426	9 910
Financial result	-2 375	-21 407	-2 477	-17 115
Result before tax	-34 718	-68 125	6 828	40 521
Tax on ordinary result	-21 209	-21 382	852	852
Result after tax	-13 510	-46 742	5 975	39 669

Balance Sheet
Boa SBL AS

	31.12.2016	31.12.2015
<i>(figures in NOK 1 000)</i>		
Fixed assets		
Intangible fixed assets		
Deferred tax assets	32 539	11 330
Total intangible assets	<u>32 539</u>	<u>11 330</u>
Tangible fixed assets		
Vessels	400 614	453 423
Total tangible fixed assets	<u>400 614</u>	<u>453 423</u>
Financial fixed assets		
Loans to group companies	115 283	108 137
Total financial fixed assets	<u>115 283</u>	<u>108 137</u>
Total fixed assets	<u>548 437</u>	<u>572 890</u>
Current assets		
Inventories	188	
Receivables		
Trade receivables	13 660	15 803
Receivables from group companies	925	983
Other receivables	2 828	3 874
Total receivables	<u>17 413</u>	<u>20 660</u>
Cash and bank deposits	46 999	91 686
Total current assets	<u>64 600</u>	<u>112 346</u>
Total assets	<u>613 037</u>	<u>685 236</u>

Balance Sheet
Boa SBL AS

	31.12.2016	31.12.2015
<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	5 285	52 027
Total retained earnings	<u>5 285</u>	<u>52 027</u>
Total equity	<u>205 399</u>	<u>252 141</u>
Liabilities		
Other long term liabilities		
Bonds	330 000	350 000
Liabilities to group companies	69 147	65 927
Total long term liabilities	<u>399 147</u>	<u>415 927</u>
Short time liabilities		
Trade creditors	2 357	6 660
Liabilities to group companies	24	4 056
Other short term liabilities	6 110	6 453
Total short term liabilities	<u>8 491</u>	<u>17 169</u>
Total liabilities	<u>407 638</u>	<u>433 096</u>
Total liabilities and equity	<u>613 037</u>	<u>685 236</u>

Cash flow statement

Figures in 1 000 NOK	4Q 2016	FY 2016	4Q 2015	FY 2015
Cash flow from operating activities				
Profit before income taxes	-34 718	-68 124	6 828	40 521
Depreciation and write-down	35 004	55 640	6 869	27 247
Changes in trade receivables and creditors	-4 970	-2 160	15 050	10 052
Changes in receivables from group entities	870	-7 900	2 176	-705
Changes in other short-term receivables and liabilities	1 505	689	2 433	6 882
Net cash flow from operating activities	-2 309	-21 855	33 356	83 997
Cash flow from investing activities				
Purchase of tangible fixed assets	-207	-2 831	-31	-4 053
Net cash flow from investing activities	-207	-2 831	-31	-4 053
Cash flow from financing activities				
Repayment of long term liabilities	-5 000	-20 000	-5 000	-20 000
Net cash flow from financing activities	-5 000	-20 000	-5 000	-20 000
Net changes in cash and cash equivalents	-7 516	-44 686	28 325	59 944
Cash and cash equivalents start of period	54 516	91 686	63 361	31 742
Cash and cash equivalents end of period	46 999	46 999	91 686	91 686

Notes to 4Q 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.

Note 2 Fixed assets

	Vessels	Periodic maintenance	Total
Acquisition cost 01.01.16	642 955	25 912	668 867
Additions	2 831	0	2 831
Disposals	0	0	0
Acquisition cost 31.12.16	645 786	25 912	671 698
Accumulated depr. 01.01.16	204 495	10 949	215 444
Acc. depreciation disposals	0	0	0
Depreciation this year	21 645	5 896	27 540
Write-down this year	28 100	0	28 100
Accum. depreciation 31.12.16	254 240	16 845	271 084
Book value 31.12.16	391 547	9 067	400 614
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	-46 742	-46 742
Equity 31.12.16	200 100	14	5 285	205 399

Note 4 Income statement - summary

	4Q 2016	FY 2016	4Q 2015	FY 2015
Operating income	16 034	51 773	39 502	165 229
Operating expences	13 373	42 850	23 329	80 346
EBITDA	2 661	8 923	16 173	84 883
EBITDA %	17 %	17 %	41 %	51 %
Depreciation and write-down	35 004	55 640	6 869	27 247
EBIT	-32 344	-46 717	9 305	57 636
Net finance	-2 375	-21 407	-2 477	-17 115
Pre tax profit	-34 719	-68 123	6 827	40 521
Tax	-21 209	-21 382	852	852
Net profit	-13 510	-46 742	5 975	39 669