

# Quarterly Report

## Boa SBL AS

### 3Q - 2014

Org.nr. 990 899 576



# BOA SBL AS

## CEO'S REPORT - 3Q 2014

### General Information

The unaudited interim accounts are 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 third quarter 2014 accounts:

Operating income in the period was NOK 26,5 million (NOK 32,7 million in the same period 2013).

EBITDA for the period was NOK 14,4million (NOK 12,7 million).

Operating expenses were NOK 21,8 million (NOK 28,0 million).

Operating Profit/EBIT was NOK 4,8 million (NOK 4,6 million).

Net financial items were - NOK 4,6 million (- NOK 6,4 million).

Profit before tax was NOK 0,2 million (- NOK 1,8 million).

### Cash flow in the period

Net cash flow from operating activities was NOK 22,1 million (NOK 2,8 million).

Net cash flow from investing activities was - NOK 16,6 million (NOK 0,0 million).

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

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

### Balance sheet 30.09.2014

Total assets per 30.09.2014 were NOK 666 million (NOK 678 million per 30.09.2013). Interest bearing debt was NOK 375 million (NOK 395 million), and the equity NOK 208 million (NOK 194 million). The equity ratio 31,2 %, unchanged from last quarter (28,6 % per 30.09.2013).

Cash and Cash equivalents per 30.09.2014 were NOK 42,3 million (NOK 40,4 million per 30.09.2013).

### 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. Future currency agreements are used and covering a part of the contractual USD income for the upcoming two quarters.

#### *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 recent drop in oil prices. 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. EMGS has so far exercised 2 (out of 3) annual options for both Boa Thalassa and Boa Galatea and the vessels will be occupied until December 2015 and July 2016. The company expects EMGS to claim the remaining options, which will keep the vessels occupied until December 2016 and July 2017. In addition to the EM seismic segment, the company sees opportunities for the SBL vessels within alternative segments as IMR, 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 third 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, 28.11.2014



Helge Kvalvik  
CEO

**Income statement**  
**Boa SBL AS**

*(figures in NOK 1 000)*

	Q3 2014	YTD 2014	Q3 2013	YTD 2013
<b>Operating income and operating exp.</b>				
Operating income	26 532	90 638	32 654	92 905
<b>Operating income</b>	<b>26 532</b>	<b>90 638</b>	<b>32 654</b>	<b>92 905</b>
Operating expenses ships	3 518	11 579	5 726	14 866
Payroll expenses	7 361	29 372	11 658	31 481
Depreciation	9 623	27 556	8 097	24 292
Other operating expenses	1 261	5 777	2 537	7 692
<b>Operating expenses</b>	<b>21 763</b>	<b>74 285</b>	<b>28 018</b>	<b>78 331</b>
<b>Operating profit</b>	<b>4 770</b>	<b>16 352</b>	<b>4 636</b>	<b>14 574</b>
<b>Financial income and expenses</b>				
Interest income from group entities	1 727	5 102	1 631	2 850
Other interest income	311	513	204	753
Other financial income	2 473	3 917	642	6 967
Interest expenses to group entities	871	2 575	950	4 382
Other interest expenses	6 959	20 809	7 310	32 987
Other financial expenses	1 252	2 361	655	20 172
<b>Net financial income and expenses</b>	<b>-4 571</b>	<b>-16 212</b>	<b>-6 439</b>	<b>-46 970</b>
<b>Operating result before tax</b>	<b>199</b>	<b>140</b>	<b>-1 802</b>	<b>-32 396</b>
Tax	0	0	0	0
<b>Result after tax</b>	<b>199</b>	<b>140</b>	<b>-1 802</b>	<b>-32 396</b>

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

*(figures in NOK 1 000)*

	30.09.2014	30.09.2013	31.12.2013
<b>Assets</b>			
<b>Intangible fixed assets</b>			
Deferred tax asset	12 203	11 374	12 203
<b>Total intangible fixed assets</b>	<b>12 203</b>	<b>11 374</b>	<b>12 203</b>
<b>Fixed assets</b>			
Ships	486 014	503 209	495 890
<b>Total tangible fixed assets</b>	<b>486 014</b>	<b>503 209</b>	<b>495 890</b>
<b>Financial fixed assets</b>			
Other receivables	0	1 762	954
Loan to group companies	99 584	92 850	94 481
<b>Total financial receivables</b>	<b>99 584</b>	<b>94 612</b>	<b>95 436</b>
<b>Total fixed assets</b>	<b>597 800</b>	<b>609 196</b>	<b>603 529</b>
<b>Current assets</b>			
<b>Debtors</b>			
Accounts receivables	15 259	24 168	23 079
Other receivables	11 044	4 115	1 590
<b>Total debtors</b>	<b>26 303</b>	<b>28 283</b>	<b>24 669</b>
Cash and bank deposits	42 300	40 437	40 219
<b>Total current assets</b>	<b>68 603</b>	<b>68 720</b>	<b>64 888</b>
<b>Total assets</b>	<b>666 403</b>	<b>677 916</b>	<b>668 417</b>

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

*(figures in NOK 1 000)*

	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>31.12.2013</b>
<b>Equity</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	7 340	25 999	-2 567
This years retained earnings	140	-32 396	
<b>Total retained earnings</b>	<b>7 480</b>	<b>-6 397</b>	<b>-2 567</b>
<b>Total equity</b>	<b>207 594</b>	<b>193 717</b>	<b>197 547</b>
<b>Liabilities</b>			
<b>Provisions</b>			
Other provisions	0	11 446	8 902
<b>Total provisions</b>	<b>0</b>	<b>11 446</b>	<b>8 902</b>
<b>Other long term liabilities</b>			
Bonds	375 000	395 000	390 000
Group liabilities	61 965	58 555	59 389
<b>Total of other long term liabilities</b>	<b>436 965</b>	<b>453 555</b>	<b>449 389</b>
<b>Current liabilities</b>			
Trade creditors	15 853	12 011	6 876
Other short term liabilities	5 992	7 186	5 702
<b>Total short term liabilities</b>	<b>21 845</b>	<b>19 198</b>	<b>12 578</b>
<b>Total liabilities</b>	<b>458 809</b>	<b>484 199</b>	<b>470 870</b>
<b>Total equity and liabilities</b>	<b>666 403</b>	<b>677 916</b>	<b>668 417</b>

## Cash flow statement

Figures in 1 000 NOK

Q3 2014 YTD 2014 Q3 2013 YTD 2013

### Cash flow from operating activities

Profit before income taxes	199	140	-1 802	-32 396
Depreciation	9 623	27 557	8 097	24 291
Currency gain/-loss		-		-
Changes in trade receivables and creditors	16 643	22 592	-7 955	-10 201
Changes in receivables from group entities	-3 360	-8 322	4 057	-82 069
Changes in other short-term receivables and liabilities	-960	-8 335	382	8 191
<b>Net cash flow from operating activities</b>	<b>22 144</b>	<b>33 632</b>	<b>2 779</b>	<b>-92 183</b>

### Cash flow from investing activities

Purchase of tangible fixed assets	-16 552	-16 552	-	-132
<b>Net cash flow from investing activities</b>	<b>-16 552</b>	<b>-16 552</b>	<b>-</b>	<b>-132</b>

### Cash flow from financing activities

Repayment of long term liabilities	-5 000	-15 000	-5 000	-293 602
Raised long term liabilities		-		400 000
<b>Net cash flow from financing activities</b>	<b>-5 000</b>	<b>-15 000</b>	<b>-5 000</b>	<b>106 398</b>

Net changes in cash and cash equivalents	593	2 081	-2 221	14 082
Cash and cash equivalents start of period	41 707	40 219	42 658	26 354
<b>Cash and cash equivalents end of period</b>	<b>42 300</b>	<b>42 300</b>	<b>40 437</b>	<b>40 437</b>

## Notes to Q3 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 maintenance	Total
Acquisition cost 01.01.14	649 088		649 088
Additions	2 565	13 987	16 552
Disposals			0
Corr. due to change of princ.	-7 771	8 899	1 128
<b>Acquisition cost 30.09.14</b>	<b>643 882</b>	<b>22 886</b>	<b>666 768</b>
Accumulated depr. 01.01.14	153 198		153 198
Acc. depreciation disposals			0
Depreciation this year	23 945	3 611	27 556
Corr. due to change of princ.			0
<b>Accum. depreciation 30.09.14</b>	<b>177 143</b>	<b>3 611</b>	<b>180 754</b>
<b>Book value 30.09.14</b>	<b>466 739</b>	<b>19 275</b>	<b>486 014</b>

Economic life	20	
Depreciation schedule	Linear	Linear

### 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			140	140
Change of principles			9 907	9 907
<b>Equity 30.09.14</b>	<b>200 100</b>	<b>14</b>	<b>7 480</b>	<b>207 594</b>



## Notes to Q3 2014 report

### Note 4            Income statement - summary

	Q3 2014	YTD 2014	Q3 2013	YTD 2013
<b>Operating income</b>	<b>26 532</b>	<b>90 638</b>	<b>32 654</b>	<b>92 905</b>
Operating expences	12 140	46 729	19 920	54 039
<b>EBITDA</b>	<b>14 393</b>	<b>43 909</b>	<b>12 733</b>	<b>38 866</b>
EBITDA %	54 %	48 %	39 %	42 %
Depreciation	9 623	27 556	8 097	24 292
<b>EBIT</b>	<b>4 770</b>	<b>16 352</b>	<b>4 636</b>	<b>14 574</b>
Net finance	-4 571	-16 212	-6 439	-46 970
<b>Pre tax profit</b>	<b>199</b>	<b>140</b>	<b>-1 802</b>	<b>-32 396</b>
Tax	-	-	-	-
<b>Net profit</b>	<b>199</b>	<b>140</b>	<b>-1 802</b>	<b>-32 396</b>