



BOA

Quarterly Report

Boa SBL AS

2Q - 2014

Org.nr. 990 899 576



BOA SBL AS

CEO'S REPORT - 2Q 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 second quarter 2014 accounts:

Operating income in the period was NOK 32,3 million (NOK 30,8 million in the same period 2013).

EBITDA for the period was NOK 14,6 million (NOK 14,9 million).

Operating expenses were NOK 26,6 million (NOK 24,0 million).

Operating Profit/EBIT was NOK 5,7 million (NOK 6,8 million).

Net financial items were - NOK 5,8 million (- NOK 28,8 million).

Profit before tax was - NOK 0,0 million (- NOK 22,0 million).

Cash flow in the period

Net cash flow from operating activities was - NOK 1,7 million (- NOK 97,4 million).

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

Net cash flow from financing activities was - NOK 5,0 million (NOK 119,6 million).

Net change in cash was - NOK 6,7 million (NOK 22,9 million).

Balance sheet 30.06.2014

Total assets per 30.06.2014 were NOK 669 million (NOK 581 million per 30.06.2013). Interest bearing debt was NOK 385 million (NOK 287 million), and the equity NOK 207 million (NOK 217 million). The equity ratio increased to 31,2 % (28,9 % per 30.06.2013).

Cash and Cash equivalents per 30.06.2014 were NOK 41,7 million (NOK 42,7 million per 30.06.2013).

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 long-term market outlook for the seismic sector remains prospective with stable oil prices and oil demand according to IEA, EIA and others expected to grow further. In the short-term several oil companies have announced reduced growth and moderation in their investment plans, in a historical view the level of investments is still high. 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 a long-term demand within the EM seismic segment, the company sees opportunities within alternative segments as IMR, lightweight construction and in offshore wind-farm segment.

Statement from the CEO

I hereby declare that to the best of my knowledge the interim accounts for the second 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, 29.08.2014



Helge Kvalvik
CEO

Income statement
Boa SBL AS

(figures in NOK 1 000)

	Q2 2014	YTD 2014	Q2 2013	YTD 2013
Operating income and operating exp.				
Operating income	32 340	64 105	30 772	60 251
Operating income	32 340	64 105	30 772	60 251
Operating expenses ships	4 865	8 061	3 656	9 141
Payroll expenses	10 544	22 012	10 013	19 823
Depreciation	8 918	17 933	8 097	16 194
Other operating expenses	2 289	4 516	2 191	5 155
Operating expenses	26 616	52 523	23 957	50 313
Operating profit	5 724	11 582	6 815	9 938
Financial income and expenses				
Interest income from group entities	1 703	3 376	1 219	1 219
Other interest income	101	202	346	550
Other financial income	663	1 444	5 397	6 325
Interest expenses to group entities	858	1 705	1 279	3 432
Other interest expenses	6 968	13 850	21 919	25 677
Other financial expenses	415	1 108	12 557	19 518
Net financial income and expenses	-5 774	-11 641	-28 792	-40 532
Operating result before tax	-50	-59	-21 978	-30 594
Tax	0	0	0	0
Result after tax	-50	-59	-21 978	-30 594

Balance sheet
Boa SBL AS

(figures in NOK 1 000)

	30.06.2014	30.06.2013	31.12.2013
Assets			
Intangible fixed assets			
Deferred tax asset	12 203	11 374	12 203
Total intangible fixed assets	12 203	11 374	12 203
Fixed assets			
Ships	479 085	511 306	495 890
Total tangible fixed assets	479 085	511 306	495 890
Financial fixed assets			
Other receivables	80	2 643	954
Loan to group companies	97 857	91 219	94 481
Total financial receivables	97 937	93 863	95 436
Total fixed assets	589 225	616 543	603 529
Current assets			
Debtors			
Accounts receivables	23 352	13 324	23 079
Other receivables	10 058	3 602	1 590
Total debtors	33 410	16 926	24 669
Cash and bank deposits	41 707	42 658	40 219
Total current assets	75 116	59 583	64 888
Total assets	664 341	676 126	668 417

Balance sheet
Boa SBL AS

(figures in NOK 1 000)

	30.06.2014	30.06.2013	31.12.2013
Equity			
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	7 340	25 999	-2 567
This years retained earnings	-59	-30 594	
Total retained earnings	7 281	-4 595	-2 567
Total equity	207 395	195 519	197 547
Liabilities			
Provisions			
Other provisions	0	11 737	8 902
Total provisions	0	11 737	8 902
Other long term liabilities			
Bonds	380 000	400 000	390 000
Group liabilities	61 094	57 605	59 389
Total of other long term liabilities	441 094	457 605	449 389
Current liabilities			
Trade creditors	9 808	4 384	6 876
Other short term liabilities	6 045	6 882	5 702
Total short term liabilities	15 852	11 266	12 578
Total liabilities	456 946	480 607	470 870
Total equity and liabilities	664 341	676 126	668 417

Cash flow statement

Figures in 1 000 NOK

Q2 2014 YTD 2014 Q2 2013 YTD 2013

Cash flow from operating activities

Profit before income taxes	-50	-59	-21 978	-30 594
Depreciation	8 918	17 934	8 097	16 194
Currency gain/-loss		-	-6 515	
Changes in trade receivables and creditors	-2 892	5 950	4 172	-2 246
Changes in receivables from group entities	-4 136	-4 962	-87 045	-86 126
Changes in other short-term receivables and liabilities	-3 554	-7 375	5 918	7 809
Net cash flow from operating activities	-1 714	11 488	-97 350	-94 962

Cash flow from investing activities

Purchase of tangible fixed assets		-	625	-132
Net cash flow from investing activities	-	-	625	-132

Cash flow from financing activities

Repayment of long term liabilities	-5 000	-10 000	-280 367	-288 602
Raised long term liabilities		-	400 000	400 000
Net cash flow from financing activities	-5 000	-10 000	119 633	111 398

Net changes in cash and cash equivalents	-6 714	1 488	22 908	16 303
Cash and cash equivalents start of period	48 421	40 219	19 750	26 354
Cash and cash equivalents end of period	41 707	41 707	42 658	42 658

Notes to Q2 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	Drydocking	Total
Acquisition cost 01.01.14	649 088		649 088
Additions		8 899	8 899
Disposals			0
Corr. due to change of princ.	-7 771		-7 771
Acquisition cost 30.06.14	641 317	8 899	650 216
Accumulated depr. 01.01.14	153 198		153 198
Acc. depreciation disposals			0
Depreciation this year	15 944	1 989	17 933
Corr. due to change of princ.			0
Accum. depreciation 30.06.14	169 142	1 989	171 131
Book value 30.06.14	472 175	6 910	479 085
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			-59	-59
Change of principles			9 907	9 907
Equity 30.06.14	200 100	14	7 281	207 395

Notes to Q2 2014 report

Note 4 Income statement - summary

	Q2 2014	YTD 2014	Q2 2013	YTD 2013
Operating income	32 340	64 105	30 772	60 251
Operating expences	17 699	34 589	15 860	34 119
EBITDA	14 642	29 516	14 912	26 132
EBITDA %	45 %	46 %	48 %	43 %
Depreciation	8 918	17 933	8 097	16 194
EBIT	5 724	11 582	6 815	9 938
Net finance	-5 774	-11 641	-28 792	-40 532
Pre tax profit	-50	-59	-21 978	-30 594
Tax	-	-	-	-
Net profit	-50	-59	-21 978	-30 594