



BOA OFFSHORE AS



SECOND QUARTER

2018

A large red and white ship, likely a container ship, is shown from a low angle, emphasizing its massive scale. The ship's hull is painted in alternating red and white horizontal stripes. The upper part of the ship, including the bridge and various antennas, is visible against a clear blue sky with some light clouds. The ship is moving through the water, with a yellow buoy visible in the foreground. A semi-transparent white box with rounded corners is overlaid on the left side of the image, containing the table of contents.

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CEO's Report

GENERAL INFORMATION

The unaudited interim report is prepared in accordance with NGAAP.

Net cash flow from financing activities was mNOK -15,5 (mNOK -9,1).

Net change in cash was mNOK -37,5 (mNOK -20,8).

NATURE AND LOCATION OF ACTIVITIES

Boa Offshore AS is the parent company of the Boa Offshore Group ("Group"). The company invests in shipping and offshore related companies. The Group is comprised of several ship owning companies within the following segments; tugboats, barges and offshore vessels. The tugboat activity, including salvaging, operates along the Norwegian coast and the North Sea. The barge fleet consists of larger barges operated internationally, and the offshore department manages offshore support vessels within construction and oil exploration, operating worldwide. The management is located in Trondheim.

BALANCE SHEET 30.06.2018

Total assets per 30.06.2018 were mNOK 3 246 (mNOK 3 690 per 30.06.2017). Interest bearing debt was mNOK 2 966 (mNOK 3 250), and the equity mNOK -232,9 (mNOK 171,1).

Cash and Cash equivalents per 30.06.2018 were mNOK 278 (mNOK 315 per 30.06.2017).

The value adjusted equity ratio for Boa Offshore per 30.06.2018 was 20,3 % and the NIBD/EBITDA ratio was 32,63 (EBITDA last 12 months/4 quarters).

The booked value of equity for the Group is lost, but there are additional values in the vessels that make the fair value of book equity position.

REVIEW OF SECOND QUARTER 2018 ACCOUNTS

Operating income in the period was mNOK 172,5 (mNOK 113,8 in the same period 2017).

EBITDA for the period was mNOK 29,9 (mNOK -8,4).
Operating expenses were mNOK 183,5 (mNOK 164,5).
Operating Profit/EBIT was mNOK -11,0 (mNOK -50,6).
Net financial items were mNOK -52,6 (mNOK -33,1).
Profit before tax was mNOK -63,6 (mNOK -83,7).

FINANCIAL RISK

Interest risk

The Group companies are exposed to interest rate fluctuations on long-term debt. By 30.06.2018 the total of the group's interest bearing debt was mNOK 2 966 where of 1 636 is fixed with non-cash PIK interest and another mNOK 569 is secured by interest rate swap agreements or fixed rates.

CASH FLOW IN THE PERIOD

Net cash flow from operating activities was mNOK -11,9 (mNOK -1,3).

Net cash flow from investing activities incl asset sales was mNOK -10,0 (mNOK -10,4).

Currency risk

The Group companies are exposed to currency risk as revenues and costs are denominated in various currencies. Substantial parts of the earnings in the Group are in USD. However this currency risk is to a certain degree reduced by the companies also having certain operating costs

denominated in USD. The Group companies continuously monitor the currency markets and reduce currency exposure when appropriate by entering into forward agreements or other financial contracts to reduce currency risk.

Liquidity risk

The Groups liquidity position as per 30.06.2018 is mNOK 278. The parent company has a bond of mNOK 434 and a subordinated bond of mNOK 44 outstanding, both listed at Oslo Stock Exchange Nordic ABN. The total of outstanding bonds for the company was mNOK 477 of which mNOK 132 is interest bearing with non-cash PIK interest. The total of outstanding bonds for the group as of 30.06.2018 was mNOK 1 981 whereof mNOK 1 636 is interest bearing (all with non-cash PIK interest). The group has in addition loan to financial institutions of mNOK 1 330 with various maturities between 2020 and 2027.

Credit risk

The Group companies are exposed to the risk that the contracting parties will not have the financial means to meet their obligations. No agreements have been entered into or other financial means established to minimize the Group companies credit risk.

EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events after the end of the second quarter that have material impact on the evaluation of the Group's profit and loss account or balance sheet as of 30.06.2018.

TBK ASSETS REALISATION

Boa Eiendom AS (Eiendom) has previously sold all significant assets except their Boa Unsec' bonds holding. In this quarter Eiendom has received its part of the TBK asset realization (gross mNOK 18,0 in the end of June). The owner's bonds are in process of being assigned to Eiendom.

Det Nordenfjeldske Dampskibsselskab AS (NFDS), former Boa Investment AS and the subsidiary Nordenfjeldske Luftfart AS (NFL); NFL has previously sold their shares in Helitrans AS, and a total of five helicopters are sold externally as well. The remaining 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. The sales process continues. Intercompany claims in NFL/NFDS are or will be settled as part of the process, and to the extent agreed upon with financial creditors in the respective companies.

The total distribution has so far been mNOK 75,5 and the estimated total distribution from the TBK Asset realization is unchanged and still in the range of mNOK 80-120.

FUTURE DEVELOPMENT

The outlook for Boa Offshore has improved during 2018 from low market activity levels on the back of increasing oil prices. However, the short-term picture is still challenging as demand is recovering from a very low level and needs to catch up with a significant overcapacity of vessels in many offshore segments. Boa Offshore's Barge and Tug segments are exposed to more industries and demand drivers than oil and gas and these two segments remain stable and relatively robust. The Tug business has since summer 2017 experienced higher activity, especially in the spot market, after a challenging year in 2016.

The medium to longer term outlook for the OCV and SBL vessel segments have improved during 2018 from very low activity levels. On the back of increased oil prices over the last 12-18 months, it is expected to see a further increase in tendering activity during second half of 2018 and in 2019. This will most likely not translate into higher income and earnings before 2019-2020, and 2018 is therefore still expected to be just as challenging as 2017 from an earnings perspective.

The North Sea AHTS spot market has disappointed so far this summer season. Although dayrates have improved from the winter season, dayrates have yet to stabilize at higher and satisfactory levels. Despite a higher general activity in the North Sea, the outlook remains uncertain due to the vast overhang of idle/laid-up AHTS vessels. Boa currently has two AHTS operating in Russia Kara Sea on medium term contracts, likely to end in late 3Q18 and beginning of 4Q18. According to the restructuring agreement and further extensions, both AHTS vessels are to be sold. The sales process has not succeeded, but we are in close dialogue with our creditors.

For Boa OCV, Boa Sub C continues its 5 month contract with Adwen in the North Sea Offshore Wind market. The vessel commenced operations in mid-April. Boa Deep C continues working on a 6 months plus options contract in West Africa and commenced work in January. The number of opportunities for new work in 2H18, 2019 and 2020 have improved somewhat during 2018. However, competition for these contracts is still relatively tough. In Boa SBL, Thalassa is working for EMGS and Galatea remains laid up.

STATEMENT FROM THE CEO

I hereby declare that to the best of my knowledge the interim accounts for the second quarter of 2018 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, 29 August 2018



Helge Kvalvik
CEO



Income Statement

(Figures in 1 000 NOK)

	Note	2Q 2018	YTD 2018	2Q 2017	YTD 2017
Operating income and operating expenses					
Operating income	2	109	107	51 815	109 896
Operating cost ships		218	218	1 270	2 192
Payroll expenses		0	0	32 483	75 535
Depreciation	3	0	0	512	1 023
Other operating expenses		471	847	9 181	18 857
Operating expenses		690	1 065	43 446	97 607
Operating profit		-580	-958	8 369	12 288
Financial income and expenses					
Interest income from group companies		9 095	17 948	18 491	36 607
Other interest income		19	36	838	3 533
Other financial income		780	788	255 262	265 648
Write down of other financial fixed assets		0	0	25 571	25 571
Interest expense to group companies		2 726	5 393	14 057	28 025
Other interest expenses		496	1 119	11 606	26 174
Other financial expenses		703	893	5 474	18 200
Net financial income and expenses		5 968	11 367	217 883	207 817
Operating result before tax		5 388	10 409	226 252	220 106
Tax on ordinary result		48	52	0	0
Operating result		5 339	10 357	226 252	220 106

Balance Sheet

	Note	30.06.2018	30.06.2017	31.12.2017
<i>(Figures in NOK 1 000)</i>				
Assets				
Fixed assets				
Intangible fixed assets				
Tangible fixed assets				
Buildings and land	3	0	1 897	0
Vessels	3	0	3 823	0
Equipment and other movables	3	0	3 469	0
Total tangible fixed assets		0	9 188	0
Financial fixed assets				
Investments in subsidiaries		487 159	118 776	487 159
Loans to group companies		531 637	1 020 460	529 054
Investments in shares		0	1 522	0
Other receivables		4	13 534	0
Total financial fixed assets		1 018 800	1 154 292	1 016 212
Total fixed assets		1 018 800	1 163 480	1 016 212
Current assets				
Inventories		0	164	0
Receivables				
Trade receivables		126	3 456	63
Loans to group companies		11 741	109 285	30 211
Other receivables		4 053	16 889	3 731
Total receivables		15 920	129 630	34 004
Cash and bank deposits		13 893	79 201	21 969
Total current assets		29 813	208 995	55 973
Total assets		1 048 613	1 372 476	1 072 186

Balance Sheet

(Figures in NOK 1 000)

Equity and liabilities

Restricted equity

Share capital	4	2 500	2 500	2 500
Share premium	4	74 447	74 447	74 447
Other restricted equity	4	3 106	3 106	3 106
Total restricted equity		80 053	80 053	80 053

Retained earnings

Other equity	4	155 564	171 605	145 207
Total retained earnings		155 564	171 605	145 207

Total equity

	235 617	251 658	225 260
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Liabilities

Other long term liabilities

Bonds	5	476 686	560 060	493 077
Liabilities to subsidiaries		331 210	452 357	346 983
Total other long term liabilities		807 896	1 012 417	840 060

Current liabilities

Trade creditors		1 135	3 427	3 321
Liabilities to group companies		3 681	53 668	2 994
Tax payable		-29	-366	0
Public duties payable		-21	1 871	319
Other short term liabilities		335	49 800	232
Total short term liabilities		5 100	108 401	6 866

Total liabilities

	812 996	1 120 818	846 926
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Total liabilities and equity

	1 048 613	1 372 476	1 072 186
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Cash Flow Statement

(Figures in 1 000 NOK)

		2Q 2018	YTD 2018	2Q 2017	YTD 2017
Cash flow from operating activities					
Profit before income taxes		5 388	10 409	226 252	220 106
Payment in kind bonds (PIK-bonds)		493	983	0	0
Income tax paid		-48	-52	0	-336
Depreciation and write-down		0	0	512	1 023
Gain on sale of tangible fixed assets		0	0	0	-29
Write-down of financial fixed assets		0	0	25 571	25 571
Changes in inventories		0	0	-64	-97
Changes in trade receivables		-126	-63	2 366	3 194
Changes in other receivables		-828	-327	10 576	19 048
Changes in trade creditors		-612	-2 186	-3 331	-2 970
Changes in receivables from group companies		2 351	-18 793	-259 715	-293 776
Changes in other short-term liabilities		-562	-266	7 812	17 033
Net cash flow from operating activities	A	6 055	-10 294	9 980	-11 233
Cash flow from investing activities					
Sale of tangible fixed assets		0	0	0	4 029
Purchase of tangible fixed assets		0	0	-32	-82
Sale of financial fixed assets		0	0	0	960
Purchase of financial fixed assets		0	0	-5 571	-5 571
Net cash flow from investing activities	B	0	0	-5 604	-664
Cash flow from financing activities					
Paid in long term liabilities		-10 424	-17 374	0	0
Group contribution		0	19 592	0	1 997
Net cash flow from financing activities	C	-10 424	2 219	0	1 997
Net changes in cash and cash equivalents	A+B+C	-4 369	-8 076	4 376	-9 900
Cash and cash equivalent start at period		18 262	21 969	74 825	89 101
Cash and cash equivalents at end of period		13 893	13 893	79 201	79 201



Consolidated Income Statement

(Figures in 1 000 NOK)

	Note	2Q 2018	YTD 2018	2Q 2017	YTD 2017
Operating income and operating expenses					
Operating income	2	172 549	289 963	113 837	309 472
Operating cost ships		73 507	126 587	61 219	122 627
Payroll expenses		56 306	110 840	44 021	102 118
Depreciation	3	40 909	81 488	42 230	85 344
Write down on tangible assets	3	0	0	0	470
Other operating expenses		12 788	25 054	16 991	-11 459
Operating expenses		183 511	343 968	164 461	299 100
Operating profit		-10 962	-54 006	-50 624	10 372
Financial income and expenses					
Interest income from group companies		1 715	3 551	2 138	4 118
Other interest income		158	321	935	3 804
Other financial income		3 507	6 725	41 454	61 425
Interest expense to group companies		0	0	521	1 043
Other interest expenses		48 991	97 712	48 647	100 426
Other financial expenses		8 979	21 617	28 426	64 856
Net financial income and expenses		-52 591	-108 732	-33 067	-96 979
Operating result before tax		-63 553	-162 738	-83 691	-86 606
Tax on ordinary result		183	286	15	589
Operating result		-63 735	-163 024	-83 706	-87 195

Consolidated Balance Sheet

	Note	30.06.2018	30.06.2017	31.12.2017
<i>(Figures in NOK 1 000)</i>				
Assets				
Fixed assets				
Intangible fixed assets				
Deferred tax asset		10 722	56 296	10 722
Total intangible assets		10 722	56 296	10 722
Tangible fixed assets				
Buildings and land	3	1 897	1 897	1 897
Ships	3	2 449 248	2 621 642	2 497 771
Equipment and other movables	3	20 094	18 866	21 226
Total tangible fixed assets		2 471 239	2 642 405	2 520 893
Financial fixed assets				
Loans to group companies		115 561	172 951	142 010
Investments in shares		1 772	1 772	1 772
Other receivables		15 069	15 905	14 801
Total financial fixed assets		132 402	190 627	158 582
Total fixed assets		2 614 363	2 889 329	2 690 198
Current assets				
Inventories		3 174	5 706	6 162
Debtors				
Accounts receivables		198 017	179 388	177 065
Loan to group companies		1 228	11 089	2 508
Other receivables		150 600	289 099	140 105
Total debtors		349 845	479 576	319 678
Investments				
Other financial instruments		362	357	362
Total investments		362	357	362
Cash and bank deposits		278 215	315 472	351 090
Total current assets		631 596	801 112	677 292
Total assets		3 245 959	3 690 441	3 367 490

Consolidated Balance Sheet

(Figures in NOK 1 000)

Equity and liabilities

Restricted equity

Share capital	4	2 500	2 500	2 500
Share premium	4	74 447	74 447	74 447
Other restricted equity	4	3 106	3 106	3 106
Total restricted equity		80 053	80 053	80 053

Retained earnings

Other equity	4	-312 938	91 017	-149 790
Total retained earnings		-312 938	91 017	-149 790

Total equity

		-232 885	171 069	-69 737
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Liabilities

Other long-term liabilities

Bonds	5	1 980 670	1 890 060	1 926 771
Liabilities to financial institutions	5	1 329 713	1 360 008	1 339 949
Total of other long term liabilities		3 310 383	3 250 068	3 266 721

Current liabilities

Trade creditors		70 977	67 617	58 547
Liabilities to group companies		0	19	1 250
Tax payable		0	0	647
Public duties payable		3 400	1 123	7 502
Other short term liabilities		94 085	200 545	102 559
Total short term liabilities		168 461	269 304	170 506

Total liabilities

		3 478 844	3 519 371	3 437 227
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Total equity and liabilities

		3 245 959	3 690 441	3 367 490
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Consolidated Cash Flow Statement

Figures in 1 000 NOK

		2Q 2018	YTD 2018	2Q 2017	YTD 2017
Cash flow from operating activities					
Profit before income taxes		-63 553	-162 738	-83 691	-86 606
Payment in kind bonds (PIK-bonds)		36 058	71 272	0	0
Income tax paid		-553	-861	-445	-1 386
Depreciation and write-down		40 909	81 488	42 230	85 814
Gain on sale of tangible fixed assets		0	0	0	-105
Changes in inventories		3 211	2 988	500	4 825
Changes in trade receivables		-30 401	-20 952	12 791	42 042
Changes in other receivables		-2 492	-11 031	22 391	-103 069
Changes in trade creditors		-1 884	12 430	-1 499	-12 966
Changes in receivables from group companies		15 728	26 478	-31 747	-33 518
Changes in other short-term liabilities		-8 936	-14 055	38 128	78 470
Net cash flow from operating activities	A	-11 913	-14 981	-1 341	-26 498
Cash flow from investing activities					
Sale of tangible fixed assets		0	0	0	8 550
Purchase of tangible fixed assets		-10 038	-30 284	-4 831	-10 391
Purchase of financial fixed assets		0	0	-5 571	-5 571
Net cash flow from investing activities	B	-10 038	-30 284	-10 403	-7 412
Cash flow from financing activities					
Paid in long term liabilities		-15 546	-27 611	-9 067	-14 265
Net cash flow from financing activities	C	-15 546	-27 611	-9 067	-14 265
Net changes in cash and cash equivalents	A+B+C	-37 496	-72 875	-20 811	-48 176
Cash and cash equivalent start at period		315 711	351 090	336 284	363 648
Cash and cash equivalents at end of period		278 215	278 215	315 473	315 473

Notes

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.

Miscellaneous

All figures in the notes are quoted in NOK 1 000.

Note 2 Spesification companies and segments

Consolidated - YTD 2Q 2018

Company	Segment	Operating income	EBITDA	Cash 30.06
Boa OCV AS	OCV	84 120	-1 831	103 539
Boa SBL AS	Seismic	25 498	4 413	54 736
Boa Barges AS	Barges	89 055	45 914	6 612
Boa Barges LLC	Barges	13 181	2 419	41
Boa Tugs AS	Tugs	53 533	9 346	20 292
T.A. Kittilsen Shipping AS	Tugs	16 534	4 653	8 566
NFDS Offshore 1 AS	AHTS	7 463	-19 643	20 326
NFDS Offshore 2 AS	AHTS	13 360	-16 734	2 594
Boa Offshore AS	Other	107	-958	13 893
Boa Management AS	Other	53 777	12 613	24 132
Boa PSV AS	Other	0	-152	1
Other / elimination	Other	-66 665	-12 559	23 482
Total		289 963	27 482	278 215

Note 3 Fixed assets - consolidated

	Vessels	Periodic maintenance	Equipment	Buildings and land	Sum
Acquisition cost 01.01.	4 489 370	286 893	23 773	1 897	4 801 932
Additions	6 668	24 984	182	0	31 834
Disposals	0	0	0	0	0
Acquisition cost 30.06.	4 496 038	311 877	23 955	1 897	4 833 766
Accumulated depr. 01.01.	2 076 196	202 354	2 489	0	2 281 039
Disposals	0	0	0	0	0
Write-down this period	0	0	0	0	0
Depreciation this period	60 512	19 605	1 371	0	81 488
Accum. depr. 30.06.	2 136 708	221 959	3 860	0	2 362 527
Book value 30.06.	2 359 331	89 917	20 094	1 897	2 471 239

Economic life	27-30 years	2,5-10 years	5 years
Depreciation schedule	Linear	Linear	Linear

Lease amount on fixed assets, not included in the balance sheet, year to date: 23 730

Note 4 Shareholder's equity

Parent company

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	145 207	225 260
Profit of the year	0	0	0	10 357	10 357
Equity 30.06.	2 500	74 447	3 106	155 564	235 617

Consolidated

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	-149 790	-69 737
Profit of the year	0	0	0	-163 024	-163 024
Other changes	0	0	0	-125	-125
Equity 30.06.	2 500	74 447	3 106	-312 938	-232 885

Minority share of operating result YTD -1 696
Minority share of total equity -8 986

Note 5 Long term liabilities

Parent company

Instalments of debt falling due more than 5 years from the balance date:

	2018	2019	2020	2021	→
Instalments	0	0	0	0	476 686

Consolidated

Instalments of debt falling due more than 5 years from the balance date:

	2018	2019	2020	2021	→
Instalments	27 110	53 919	1 991 318	404 350	833 686

Note 6 Consolidated income statement - summary

	2Q 2018	YTD 2018	2Q 2017	YTD 2017
Operating income	172 549	289 963	113 837	309 472
Operating expenses	142 602	262 480	122 231	213 286
EBITDA	29 947	27 482	-8 394	96 187
EBITDA %	17 %	9 %	-7 %	31 %
Depreciation and write-down	40 909	81 488	42 230	85 814
EBIT	-10 962	-54 006	-50 624	10 372
Net finance	-52 591	-108 732	-33 067	-96 979
Pre tax profit	-63 553	-162 738	-83 691	-86 606
Tax	183	286	15	589
Net profit	-63 735	-163 024	-83 706	-87 195

Note 7 Interest bearing debt / equity

Key figures	30.06.18	30.06.17	31.12.17
Interest bearing debt	2 965 541	3 250 068	2 904 766
Cash and cash equivalents	278 215	315 472	351 090
Net Interest Bearing Debt (NIBD)	2 687 327	2 934 595	2 553 676
NIBD / EBITDA *	32,63	21,47	16,90
* Last four quarters			
Booked equity ratio	-7,2 %	4,6 %	-2,1 %
Value adjusted equity ratio	20,3 %	27,5 %	23,8 %





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