



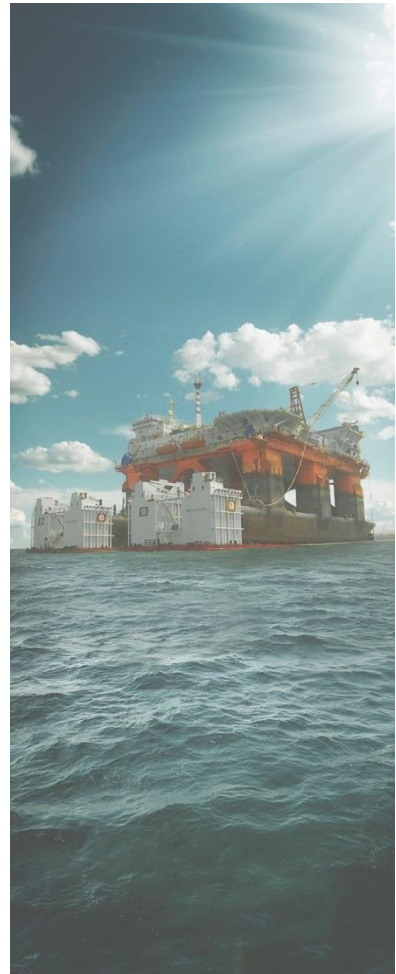
**BOA**

# Quarterly Report

**Boa OCV AS**

**1Q - 2016**

Org.nr. 984 158 939



# BOA OCV AS

## CEO'S REPORT – 1Q 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 offshore construction vessels "Boa Deep C" and "Boa Sub C". Management of these vessels is undertaken by Boa Offshore AS.

### **Review of first quarter 2016 accounts:**

Operating income in the period was mNOK 56,5 (mNOK 102,9 in the same period in 2015).

Operating expenses were mNOK 91,1 (mNOK 40,0).

EBITDA for the period was mNOK -20,6 (mNOK 78,4).

Operating Profit/EBIT was mNOK -34,6 (mNOK 62,9).

Net financial items were mNOK -18,2 (mNOK -15,4).

Profit before tax was mNOK -52,8 (mNOK 47,4).

### **Cash flow in the period:**

Net cash flow from operating activities was mNOK 8,2 (mNOK 47,8 in the same period 2015).

Net cash flow from investing activities was mNOK -7,9 (mNOK -4,5).

Net cash flow from financing activities was mNOK - 25,0 ( mNOK -75,0).

Net change in cash was mNOK -24,7 (mNOK -31,7).

### **Balance sheet 31.03.2016:**

Total assets per 31.03.2016 were mNOK 1 471 (mNOK 1 458 per 31.03.2015). Interest bearing debt was mNOK 1 075 (mNOK 1 175), and the equity mNOK 273 (mNOK 242). The equity ratio decreased to 18,5 % from last quarter 22,1 % (16,6 % per 31.03.2015).

Cash and Cash equivalents per 31.03.2016 were mNOK 122,8 (mNOK 152,5 per 31.03.2015).

### **Financial risk:**

#### *Market risk:*

The company is susceptible to fluctuations in currency exchange rates. A considerable percentage of the company's earnings are in USD. However this market risk is to a certain degree reduced by the company also having certain operating purchases 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. The interest rate exposure on the company's long-term debt is partly hedged by two fixed interest rate swaps (IRS).

#### *Credit risk:*

The potential risk that contracting parties will not have the financial means to meet their obligations is considered in aggregate to be medium. No agreements have been entered into 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 in the period:**

Operational costs in the period increased as a result of (extraordinary) repair cost and increased project cost ahead of new contracts.

**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 to medium term outlook for the subsea segment remains uncertain and challenging due to the drop in oil prices from mid-2014. A number of offshore projects have been postponed and scrapped as oil companies focus to a greater extent on cash flow due to the lower oil prices. Ongoing and sanctioned projects will ensure a certain activity level in the subsea sector in the short to medium term. Furthermore, IMR and subsea well-related services are still considered to be a growing part of the subsea market over time, which is less cyclical than the installation segment. Furthermore, costs in the oil and gas industry have adjusted accordingly and decreased as a result. A recovery in the sector can therefore most likely be seen at lower oil prices than those before the drop in mid-2014. However, timing and magnitude of such a recovery remains uncertain. Although the oil price is up approximately 50 % over the last three months, it probably needs to increase further and stabilize at a higher level than today before seeing any notable increase in demand for subsea services.

The long-term market outlook for the subsea segment remains prospective. Deepwater oil and gas reserves come at a marginal cost lower than a number of other sources of oil and gas, and a significant part of discovered oil and gas reserves over the last decade has been made in offshore deepwater. Thus we believe that deepwater and subsea will remain one of the most important growth opportunities for oil companies also in the coming decade.

Boa Sub C is currently performing a number of short-term assignments in West Africa, and will in July/August this year mobilize for a medium term contract in the US GoM. Boa Deep C is currently working on a medium term contract in South America on a project led by international Oil Majors. Despite the current soft market, there are still some opportunities for short and medium-term contracts. Competition for these contracts is high as more vessels roll off long-term contracts, and dayrates are therefore continuously under pressure.

**Statement from the CEO**

I hereby declare that to the best of my knowledge the interim accounts for the first 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.

Trondheim, 30 May 2016



Helge Kvalvik  
CEO

## Income Statement Boa OCV AS

	1Q 2016	1Q 2015	FY 2015
<i>(figures in NOK 1 000)</i>			
<b>Operating income and operating expenses</b>			
Operating income	56 518	102 890	427 459
<b>Operating income</b>	<b>56 518</b>	<b>102 890</b>	<b>427 459</b>
Operating expenses vessels	49 104	11 013	59 131
Payroll expenses	20 674	11 420	72 032
Depreciation and write down	13 989	15 588	60 672
Other operating expenses	7 353	2 011	58 413
<b>Total operating expenses</b>	<b>91 120</b>	<b>40 032</b>	<b>250 248</b>
<b>Operating result</b>	<b>-34 602</b>	<b>62 858</b>	<b>177 211</b>
<b>Financial income and expenses</b>			
Interest income from group companies	9 208	8 524	34 569
Other interest income	52	401	678
Other financial income	693	11 006	36 523
Other interest expenses	22 078	23 939	93 996
Other financial expenses	6 064	11 426	26 526
<b>Financial result</b>	<b>-18 189</b>	<b>-15 434</b>	<b>-48 752</b>
<b>Result before tax</b>	<b>-52 791</b>	<b>47 424</b>	<b>128 459</b>
Tax on ordinary result			-2 756
<b>Result after tax</b>	<b>-52 791</b>	<b>47 424</b>	<b>131 216</b>

**Balance sheet**  
**Boa OCV AS**

	31.03.2016	31.03.2015	31.12.2015
<i>(figures in NOK 1 000)</i>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Deferred tax asset	12 638	9 043	12 638
<b>Total intangible fixed assets</b>	<b>12 638</b>	<b>9 043</b>	<b>12 638</b>
<b>Tangible fixed assets</b>			
Vessels	728 604	770 783	734 653
<b>Total tangible fixed assets</b>	<b>728 604</b>	<b>770 783</b>	<b>734 653</b>
<b>Financial fixed assets</b>			
Loans to group companies	539 681	505 113	539 681
<b>Total financial fixed assets</b>	<b>539 681</b>	<b>505 113</b>	<b>539 681</b>
<b>Total fixed assets</b>	<b>1 280 924</b>	<b>1 284 939</b>	<b>1 286 972</b>
<b>Current assets</b>			
Inventories	1 107		8 259
<b>Receivables</b>			
Trade receivables	47 775	1 388	19 004
Receivables from group companies	3 042	8 524	3 428
Other receivables	15 241	11 158	9 000
<b>Total receivables</b>	<b>66 058</b>	<b>21 070</b>	<b>31 432</b>
Cash and bank deposits	122 785	152 474	147 489
<b>Total current assets</b>	<b>189 950</b>	<b>173 544</b>	<b>187 180</b>
<b>Total assets</b>	<b>1 470 874</b>	<b>1 458 483</b>	<b>1 474 152</b>

**Balance sheet**  
**Boa OCV AS**

	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>31.12.2015</b>
<i>(figures in NOK 1 000)</i>			
<b>Equity and liabilities</b>			
<b>Restricted equity</b>			
Share capital	100	100	100
Share premium	80 108	80 108	80 108
Other restricted equity	14 445	14 445	14 445
<b>Total restricted equity</b>	<b>94 653</b>	<b>94 653</b>	<b>94 653</b>
<b>Retained earnings</b>			
Other equity	177 848	146 849	230 639
<b>Total retained earnings</b>	<b>177 848</b>	<b>146 849</b>	<b>230 639</b>
<b>Total equity</b>	<b>272 500</b>	<b>241 502</b>	<b>325 292</b>
<b>Liabilities</b>			
<b>Other long term liabilities</b>			
Bonds	1 075 000	1 175 000	1 100 000
<b>Total long term liabilities</b>	<b>1 075 000</b>	<b>1 175 000</b>	<b>1 100 000</b>
<b>Short time liabilities</b>			
Trade creditors	30 821	17 192	14 587
Liabilities to group companies	22 136		8 174
Tax payable	320	395	839
Other short term liabilities	70 097	24 394	25 261
<b>Total short term liabilities</b>	<b>123 374</b>	<b>41 981</b>	<b>48 861</b>
<b>Total liabilities</b>	<b>1 198 374</b>	<b>1 216 981</b>	<b>1 148 861</b>
<b>Total liabilities and equity</b>	<b>1 470 874</b>	<b>1 458 483</b>	<b>1 474 152</b>

## Cash flow report

Figures in 1 000 NOK	Note	1Q 2016	1Q 2015	FY 2015
<b>Cash flow from operating activities</b>				
Profit before income taxes		-52 791	47 425	128 459
Paid in tax		-519	-643	-1 036
Depreciation		13 989	15 588	60 671
Changes in trade receivables and creditors		-12 537	15 619	-4 602
Changes in receivables from group entities	1.	14 348	-8 524	-29 822
Changes in other short-term receivables and liabilities		45 746	-21 706	-26 942
<b>Net cash flow from operating activities</b>		<b>8 236</b>	<b>47 760</b>	<b>126 728</b>
<b>Cash flow from investing activities</b>				
Purchase of fixed assets		-7 940	-4 508	-13 460
<b>Net cash flow from investing activities</b>		<b>-7 940</b>	<b>-4 508</b>	<b>-13 460</b>
<b>Cash flow from financing activities</b>				
Repayment of long term liabilities		-25 000	-25 000	-100 000
Group contribution		0	-50 000	-50 000
<b>Net cash flow from financing activities</b>		<b>-25 000</b>	<b>-75 000</b>	<b>-150 000</b>
Net changes in cash and cash equivalents		-24 704	-31 748	-36 733
Cash and cash equivalents start at period		147 489	184 222	184 222
<b>Cash and cash equivalents end of period</b>		<b>122 785</b>	<b>152 474</b>	<b>147 489</b>

1. The changes in receivables from group entities does not include the group contribution.

## Notes to 1Q 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.

#### 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 01.01.16	1 287 314	143 311	1 430 625
Additions	0	7 940	7 940
Disposals	0	0	0
<b>Acquisition cost 31.03.16</b>	<b>1 287 314</b>	<b>151 251</b>	<b>1 438 565</b>
Accumulated depr. 01.01.16	614 705	81 267	695 972
Depreciation this period	9 324	5 305	14 628
Write-down this period	0	-640	-640
<b>Accum. depreciation 31.03.16</b>	<b>624 029</b>	<b>85 932</b>	<b>709 960</b>
<b>Book value 31.03.16</b>	<b>663 285</b>	<b>65 320</b>	<b>728 604</b>
Economic life	27	2,5 - 10	
Depreciation schedule	Linear	Linear	

### Note 3 Shareholder's equity

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.16	100	80 108	14 445	230 639	325 291
Profit for the period	0	0	0	-52 791	-52 791
<b>Equity 31.03.16</b>	<b>100</b>	<b>80 108</b>	<b>14 445</b>	<b>177 848</b>	<b>272 500</b>



## Notes to 1Q 2016 report

**Note 4**            **Income statement - summary**

	<b>1Q 2016</b>	<b>1Q 2015</b>	<b>FY 2015</b>
<b>Operating income</b>	<b>56 518</b>	<b>102 890</b>	<b>427 459</b>
Operating expences	77 131	24 444	189 576
<b>EBITDA</b>	<b>-20 613</b>	<b>78 446</b>	<b>237 883</b>
EBITDA %	-36 %	76 %	56 %
Depreciation	13 989	15 588	60 672
<b>EBIT</b>	<b>-34 602</b>	<b>62 858</b>	<b>177 211</b>
Net finance	-18 189	-15 434	-48 752
<b>Pre tax profit</b>	<b>-52 791</b>	<b>47 423</b>	<b>128 459</b>
Tax	-	-	-2 756
<b>Net profit</b>	<b>-52 791</b>	<b>47 424</b>	<b>131 216</b>