



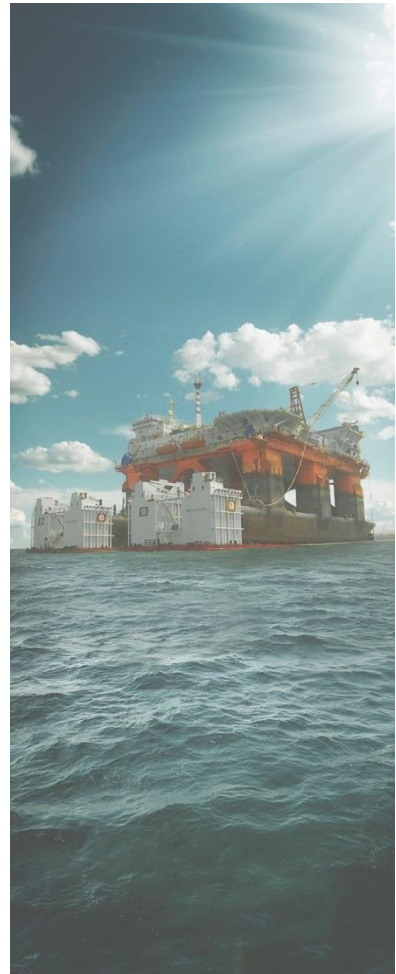
**BOA**

# Quarterly Report

## Boa SBL AS

### 1Q - 2018

Org.nr. 990 899 576



# BOA SBL AS

## CEO'S REPORT – 1Q 2018

### **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 Management AS. The main office of the company is located in Trondheim.

### **Review of first quarter 2018 accounts:**

Operating income in the period was mNOK 12,7 (mNOK 11,9 in the same period 2017).

EBITDA for the period was mNOK 1,7 (mNOK 1,5).

Operating expenses were mNOK 16,7 (mNOK 17,0).

Operating profit/EBIT was mNOK -4,0 (mNOK -5,1).

Net financial items were mNOK -8,7 (mNOK -5,6).

Profit before tax was mNOK -12,7 (mNOK -10,7).

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

Net cash flow from operating activities was mNOK 2,9 (mNOK -0,1).

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

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

Net change in cash was mNOK 2,9 (mNOK -0,1).

### **Balance sheet 31.03.2018:**

Total assets per 31.03.2018 were mNOK 426 (mNOK 608 per 31.03.2017). Interest bearing debt was mNOK 364 (mNOK 330), and the equity mNOK 52 (mNOK 195). The equity ratio 12,3 %, decreased from 15,1 % last quarter (32,0 % per 31.03.2017).

Cash and Cash equivalents per 31.03.2018 were mNOK 51,4 (mNOK 46,9 per 31.03.2017).

### **Financial risk:**

#### *Interest risk*

At present the interest cost is fixed and is carried as non-cash PIK interest.

#### *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 31.03.2018 is mNOK 51,4. 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 2020, and outstanding bond amount per 31.03.2018 is mNOK 364.

### *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 after the Balance sheet date:**

There have been no significant events after the end of the first quarter that have material impact on the evaluation of the Group's profit and loss account or balance sheet as of 31.03.2018.

### **TBK Asset realization – update:**

Boa Eiendom AS (Eiendom) has 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 12,0).

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 as 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. The current cash position in NFDS/NFL is approximately mNOK 20.

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 57,5 and the estimated total distribution from the TBK Asset realization is unchanged and still in the range of mNOK 80-120.

### **Future development and subsequent events after the period:**

The medium term outlook for Boa SBL AS has improved sequentially on the back of increasing oil prices over the last 6-12 months. It is expected to see a further increase in offshore activities during second half of 2018 and into 2019. However, the short-term picture is still relatively challenging as demand is recovering from a very low level and needs to catch up with a significant overcapacity of vessels.

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.

Boa Thalassa and Boa Galatea have been working for EMGS since they were delivered from the yard in 2008 and 2009, respectively. In January 2017 EMGS signed a new two year firm contract for Boa Thalassa that commenced 1st October 2017. In addition the contract includes three 6 months options. The Boa Galatea ended its firm contract with EMGS in January 2016 and has since then been in lay-up. EMGS has seen a significant deterioration in sales over the last 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 and employed in 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 in recent years, offering few opportunities at reasonable rates and satisfactory economics.

### **Statement from the CEO:**

I hereby declare that to the best of my knowledge the interim accounts for the first 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, 30 May 2018



Helge Kvalvik  
CEO

**Income Statement**  
**Boa SBL AS**

(figures in NOK 1 000)

	1Q 2018	1Q 2017	FY 2017
<b>Operating income and operating expenses</b>			
Operating income	12 749	11 892	25 598
<b>Operating income</b>	<b>12 749</b>	<b>11 892</b>	<b>25 598</b>
Operating expenses vessels	2 487	1 951	8 797
Payroll expenses	5 314	5 213	16 616
Depreciation expenses	5 646	6 536	25 330
Write-down	0	0	38 000
Other operating expenses	3 264	3 275	12 720
<b>Operating expenses</b>	<b>16 710</b>	<b>16 975</b>	<b>101 464</b>
<b>Operating result</b>	<b>-3 961</b>	<b>-5 083</b>	<b>-75 866</b>
<b>Financial income and expenses</b>			
Interest income from group companies	101	1 896	4 260
Other interest income	17	10	36
Other financial income	583	95	4 228
Interest expense to group companies	0	810	1 638
Other interest expenses	8 596	5 592	27 441
Other financial expenses	850	1 177	11 106
<b>Financial result</b>	<b>-8 745</b>	<b>-5 578</b>	<b>-31 662</b>
<b>Result before tax</b>	<b>-12 706</b>	<b>-10 661</b>	<b>-107 528</b>
Tax on ordinary result	0	160	32 713
<b>Result after tax</b>	<b>-12 706</b>	<b>-10 821</b>	<b>-140 241</b>

**Balance Sheet**  
**Boa SBL AS**

	31.03.2018	31.03.2017	31.12.2017
<i>(figures in NOK 1 000)</i>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Deferred tax assets	0	32 539	0
<b>Total intangible assets</b>	<b>0</b>	<b>32 539</b>	<b>0</b>
<b>Tangible fixed assets</b>			
Vessels	334 340	394 078	339 970
<b>Total tangible fixed assets</b>	<b>334 340</b>	<b>394 078</b>	<b>339 970</b>
<b>Financial fixed assets</b>			
Loans to group companies	29 373	117 179	30 093
<b>Total financial fixed assets</b>	<b>29 373</b>	<b>117 179</b>	<b>30 093</b>
<b>Total fixed assets</b>	<b>363 713</b>	<b>543 797</b>	<b>370 062</b>
<b>Current assets</b>			
Inventories	104	188	85
<b>Receivables</b>			
Trade receivables	8 651	12 970	9 405
Receivables from group companies	157	1 062	75
Other receivables	1 787	2 742	2 053
<b>Total receivables</b>	<b>10 595</b>	<b>16 774</b>	<b>11 533</b>
Cash and bank deposits	51 379	46 928	48 492
<b>Total current assets</b>	<b>62 077</b>	<b>63 890</b>	<b>60 110</b>
<b>Total assets</b>	<b>425 790</b>	<b>607 687</b>	<b>430 174</b>

**Balance Sheet**  
**Boa SBL AS**

	31.03.2018	31.03.2017	31.12.2017
<i>(figures in NOK 1 000)</i>			
<b>Equity and liabilities</b>			
<b>Restricted equity</b>			
Share capital	200 100	200 100	200 100
Share premium	14	14	14
<b>Total restricted equity</b>	<u><b>200 114</b></u>	<u><b>200 114</b></u>	<u><b>200 114</b></u>
<b>Retained earnings</b>			
Other equity	-147 663	-5 537	-134 956
<b>Total retained earnings</b>	<u><b>-147 663</b></u>	<u><b>-5 537</b></u>	<u><b>-134 956</b></u>
<b>Total equity</b>	<u><b>52 451</b></u>	<u><b>194 577</b></u>	<u><b>65 158</b></u>
<b>Liabilities</b>			
<b>Other long term liabilities</b>			
Bonds	363 705	330 000	355 267
Liabilities to group companies	0	69 957	0
<b>Total long term liabilities</b>	<u><b>363 705</b></u>	<u><b>399 957</b></u>	<u><b>355 267</b></u>
<b>Short time liabilities</b>			
Trade creditors	2 173	1 913	2 421
Liabilities to group companies	0	0	0
Other short term liabilities	7 461	11 239	7 327
<b>Total short term liabilities</b>	<u><b>9 634</b></u>	<u><b>13 153</b></u>	<u><b>9 748</b></u>
<b>Total liabilities</b>	<u><b>373 339</b></u>	<u><b>413 109</b></u>	<u><b>365 016</b></u>
<b>Total liabilities and equity</b>	<u><b>425 790</b></u>	<u><b>607 687</b></u>	<u><b>430 174</b></u>

## Cash flow statement

Figures in 1 000 NOK	1Q 2018	1Q 2017	FY 2017
<b>Cash flow from operating activities</b>			
Profit before income taxes	-12 706	-10 661	-107 528
Payment in kind bonds (PIK-bonds)	8 438	0	25 268
Paid taxes	0	-160	-160
Depreciation and write-down	5 646	6 536	63 330
Changes in trade receivables and creditors	506	246	4 319
Changes in receivables from group entities	638	-1 247	16 869
Changes in other short-term receivables and liabilities	382	5 215	2 081
<b>Net cash flow from operating activities</b>	<b>2 903</b>	<b>-71</b>	<b>4 180</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets	-16	0	-2 686
<b>Net cash flow from investing activities</b>	<b>-16</b>	<b>0</b>	<b>-2 686</b>
<b>Cash flow from financing activities</b>			
Repayment of long term liabilities	0	0	0
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net changes in cash and cash equivalents	2 887	-71	1 494
Cash and cash equivalents start of period	48 492	46 999	46 999
<b>Cash and cash equivalents end of period</b>	<b>51 379</b>	<b>46 928</b>	<b>48 492</b>

## Notes to 1Q 2018 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.	648 473	25 912	674 385
Additions	16	0	16
<b>Acquisition cost 31.03.</b>	<b>648 489</b>	<b>25 912</b>	<b>674 401</b>
Accumulated depr. 01.01.	312 583	21 832	334 415
Depreciation this year	4 585	1 061	5 646
Write-down this year	0	0	0
<b>Accum. depreciation 31.03.</b>	<b>317 168</b>	<b>22 893</b>	<b>340 061</b>
<b>Book value 31.03.</b>	<b>331 322</b>	<b>3 019</b>	<b>334 340</b>
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.	200 100	14	-134 956	65 158
Profit for the period	0	0	-12 706	-12 706
<b>Equity 31.03.</b>	<b>200 100</b>	<b>14</b>	<b>-147 662</b>	<b>52 452</b>

### Note 4 Income statement - summary

	1Q 2018	YTD 2018	1Q 2017	YTD 2017
<b>Operating income</b>	<b>12 749</b>	<b>12 749</b>	<b>11 892</b>	<b>11 892</b>
Operating expences	11 064	11 064	10 439	10 439
<b>EBITDA</b>	<b>1 685</b>	<b>1 685</b>	<b>1 453</b>	<b>1 453</b>
EBITDA %	13 %	13 %	12 %	12 %
Depreciation and write-down	5 646	5 646	6 536	6 536
<b>EBIT</b>	<b>-3 961</b>	<b>-3 961</b>	<b>-5 083</b>	<b>-5 083</b>
Net finance	-8 745	-8 745	-5 578	-5 578
<b>Pre tax profit</b>	<b>-12 706</b>	<b>-12 706</b>	<b>-10 661</b>	<b>-10 660</b>
Tax	0	0	160	160
<b>Net profit</b>	<b>-12 706</b>	<b>-12 706</b>	<b>-10 821</b>	<b>-10 821</b>



Notes to 1Q 2018 report

**Note 5 Utilization, income and expenses per vessel**

<b>1Q 2018</b>	<b>Boa Thalassa</b>	<b>Boa Galatea</b>
Operating income	12 749	0
Operating expenses	8 354	2 710
<b>EBITDA</b>	<b>4 396</b>	<b>-2 710</b>
Utilization	100 %	0 %