



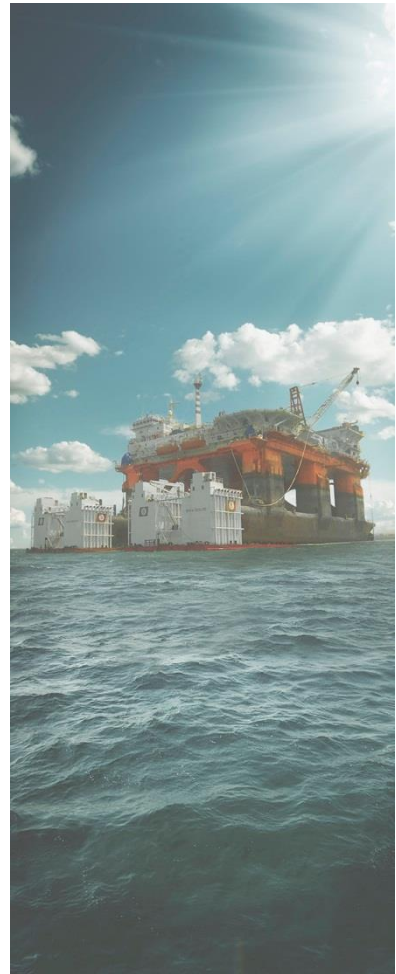
**BOA**

# Quarterly Report

## Boa SBL AS

### 3Q - 2017

Org.nr. 990 899 576



# BOA SBL AS

## CEO'S REPORT – 3Q 2017

### **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 third quarter 2017 accounts:**

Operating income in the period was mNOK 0,0 (mNOK 11,3 in the same period 2016).

Operating expenses were mNOK 15,1 (mNOK 16,7).

EBITDA for the period was mNOK -8,8 (mNOK 1,4).

Operating profit/EBIT was mNOK -15,1 (mNOK -5,5).

Net financial items were mNOK -13,3 (mNOK -6,3).

Profit before tax was mNOK -28,4 (mNOK -11,8).

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

Net cash flow from operating activities was mNOK 7,0 (mNOK -8,2).

Net cash flow from investing activities was mNOK -2,6 (mNOK -0,5).

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

Net change in cash was mNOK 4,4 (mNOK -13,7).

### **Balance sheet 30.09.2017:**

Total assets per 30.09.2017 were mNOK 502 (mNOK 628 per 30.09.2016). Interest bearing debt was mNOK 347 (mNOK 335), and the equity mNOK 147 (mNOK 219). The equity ratio 29,2 %, decreased from 29,5 % last quarter (34,8 % per 30.09.2016).

Cash and Cash equivalents per 30.09.2017 were mNOK 50,8 (mNOK 54,5 per 30.09.2016).

### **Financial risk:**

#### *Interest risk*

The company is exposed to interest rate fluctuations on long-term debt. At present no fixed interest rate or other interest rate hedge exists.

#### *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 30.09.2017 is mNOK 50,8. 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 30.09.2017 is mNOK 347.

After the financial restructuring completed in July 2017 interest cost in Boa SBL AS is carried as non-cash PIK interest, where accrued interest will be added to the outstanding debt on a quarterly basis as PIK bonds.

#### *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 in the period:**

The financial restructuring of Boa Group was completed in July. The restructuring includes for the outstanding Boa Group corporate bonds extended maturity dates to December 2020, interest cost to be carried as PIK interest, certain immediate and future cash distributions, and full amortization holiday until maturity with the exception of certain cash sweep and distribution mechanisms. Applied for both the outstanding corporate bonds and bank debt of the Boa Group, all guarantees except Taubåtkompaniet AS' guarantee for the Boa Offshore Sub bond have been discharged. Also all intercompany loans have been discharged or significantly reduced as a part of the solution.

The new financial model also includes a change to the corporate legal structure, where management of the Group's vessels now is performed by Boa Management AS instead of previously Boa Offshore AS.

Boa SBL AS received mNOK17,8 as gross initial cash distribution from Boa Offshore AS at closing.

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

There have been no other significant events after the end of the third quarter that have material impact on the evaluation of the Group's profit and loss account or balance sheet as of 30.09.2017.

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

Boa Eiendom AS (Eiendom) has sold the following assets; Shares in Trondheim Maritime Senter AS and Fremo Næringspark AS, the real estate in Ånn in Sweden, as well as their two helicopters internally to Nordenfjeldske Luftfart AS (NFL). The shares in Royal Garden are expected to be sold at debt in December. Following this, no significant assets remains in Eiendom except their Boa Unsec' bonds holding. Eiendom has earlier received their part of the Initial Cash Distribution on its bonds holding (Boa Unsec), as well as its part of the first TBK asset realization in the beginning of October (gross mNOK 17,5). After the balance sheet date proceeds from the helicopter sale has been received and it is notified that a second TBK asset realization will take place 1st December with gross mNOK 13.

Boa Investment AS (Investment) and the subsidiary NFL; NFL has previously sold their shares in Helitrans AS. The 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. A total of five helicopters are sold externally. Of this, two smaller helicopters are sold in October (payment due early December) and insurance settlement for one of the helicopters has been received in November. The sales process continues. The current cash position in Investment/NFL is approximately mNOK 30.

Intercompany claims in NFL/Investment are or will be settled as part of the process, and to the extent agreed upon with financial creditors in the respective companies. Clarification with financial creditors is ongoing. We expect to distribute between mNOK 15-20 in December (as a third TBK Asset realization).

With the estimated distributions above, the total distribution in 4Q 2017 will be in the range of mNOK 45-50. The total estimated 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 short to medium term outlook for the seismic sector remains challenging due to the fall in oil prices from mid-2014. Exploration seems to be harder hit than the Development part of the E&P value chain when oil companies have scaled back their E&P investment budgets. Over the last 12 months a certain up-tick in activity has been seen among the traditional seismic players as a result of the recovery in oil prices since the beginning of 2016. In the short to medium term the magnitude of this recovery in seismic related services (including EM seismic) is most likely not sufficient to re-activate the Boa Galatea.

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 vessel was idle in the third quarter. 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. A modest improvement in activity from low levels has been seen in EMGS the last 1-2 quarters. 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 into 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, 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 third quarter of 2017 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 November 2017



Helge Kvalvik  
CEO

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

(figures in NOK 1 000)

	3Q 2017	YTD 2017	3Q 2016	YTD 2016
<b>Operating income and operating expenses</b>				
Operating income	17	11 955	11 294	35 739
<b>Operating income</b>	<b>17</b>	<b>11 955</b>	<b>11 294</b>	<b>35 739</b>
Operating expenses vessels	2 736	6 304	1 827	5 611
Payroll expenses	3 036	11 555	4 551	15 517
Depreciation expenses	6 275	19 053	6 898	20 637
Other operating expenses	3 029	9 380	3 468	8 349
<b>Operating expenses</b>	<b>15 076</b>	<b>46 291</b>	<b>16 744</b>	<b>50 114</b>
<b>Operating result</b>	<b>-15 059</b>	<b>-34 336</b>	<b>-5 451</b>	<b>-14 375</b>
<b>Financial income and expenses</b>				
Interest income from group companies	405	4 158	1 783	5 349
Other interest income	10	28	5	22
Other financial income	706	2 966	409	3 949
Interest expense to group companies	0	1 638	817	2 404
Other interest expenses	7 859	19 224	5 597	17 081
Other financial expenses	6 555	10 222	2 110	8 867
<b>Financial result</b>	<b>-13 293</b>	<b>-23 933</b>	<b>-6 327</b>	<b>-19 032</b>
<b>Result before tax</b>	<b>-28 352</b>	<b>-58 269</b>	<b>-11 778</b>	<b>-33 406</b>
Tax on ordinary result	0	175	-173	-173
<b>Result after tax</b>	<b>-28 352</b>	<b>-58 444</b>	<b>-11 604</b>	<b>-33 233</b>

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

	30.09.2017	30.09.2016	31.12.2016
<i>(figures in NOK 1 000)</i>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Deferred tax assets	32 539	11 330	32 539
<b>Total intangible assets</b>	<b>32 539</b>	<b>11 330</b>	<b>32 539</b>
<b>Tangible fixed assets</b>			
Vessels	384 195	435 411	400 614
<b>Total tangible fixed assets</b>	<b>384 195</b>	<b>435 411</b>	<b>400 614</b>
<b>Financial fixed assets</b>			
Loans to group companies	33 100	113 487	115 283
<b>Total financial fixed assets</b>	<b>33 100</b>	<b>113 487</b>	<b>115 283</b>
<b>Total fixed assets</b>	<b>449 834</b>	<b>560 228</b>	<b>548 437</b>
<b>Current assets</b>			
Inventories	564	155	188
<b>Receivables</b>			
Trade receivables	224	7 856	13 660
Receivables from group companies	0	2 751	925
Other receivables	990	2 991	2 828
<b>Total receivables</b>	<b>1 214</b>	<b>13 598</b>	<b>17 413</b>
Cash and bank deposits	50 815	54 516	46 999
<b>Total current assets</b>	<b>52 593</b>	<b>68 269</b>	<b>64 600</b>
<b>Total assets</b>	<b>502 427</b>	<b>628 497</b>	<b>613 037</b>

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

	30.09.2017	30.09.2016	31.12.2016
<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>	<b>200 114</b>	<b>200 114</b>	<b>200 114</b>
<b>Retained earnings</b>			
Other equity	-53 159	18 794	5 285
<b>Total retained earnings</b>	<b>-53 159</b>	<b>18 794</b>	<b>5 285</b>
<b>Total equity</b>	<b>146 955</b>	<b>218 908</b>	<b>205 399</b>
<b>Liabilities</b>			
<b>Other long term liabilities</b>			
Bonds	347 205	335 000	330 000
Liabilities to group companies	0	68 331	69 147
<b>Total long term liabilities</b>	<b>347 205</b>	<b>403 331</b>	<b>399 147</b>
<b>Short time liabilities</b>			
Trade creditors	1 134	1 523	2 357
Liabilities to group companies	76	0	24
Other short term liabilities	7 058	4 735	6 110
<b>Total short term liabilities</b>	<b>8 268</b>	<b>6 258</b>	<b>8 491</b>
<b>Total liabilities</b>	<b>355 472</b>	<b>409 589</b>	<b>407 638</b>
<b>Total liabilities and equity</b>	<b>502 427</b>	<b>628 497</b>	<b>613 037</b>

## Cash flow statement

Figures in 1 000 NOK	3Q 2017	YTD 2017	3Q 2016	YTD 2016
<b>Cash flow from operating activities</b>				
Profit before income taxes	-28 352	-58 284	-11 778	-33 406
Payment in kind bonds (PIK-bonds)	17 205	17 205	0	0
Paid taxes	0	-160	0	0
Depreciation and write-down	6 275	19 052	6 898	20 636
Changes in trade receivables and creditors	31	12 213	106	2 810
Changes in receivables from group entities	17 668	14 013	-3 185	-8 770
Changes in other short-term receivables and liabilities	-5 831	2 411	-261	-816
<b>Net cash flow from operating activities</b>	<b>6 996</b>	<b>6 450</b>	<b>-8 220</b>	<b>-19 546</b>
<b>Cash flow from investing activities</b>				
Purchase of tangible fixed assets	-2 634	-2 634	-498	-2 624
<b>Net cash flow from investing activities</b>	<b>-2 634</b>	<b>-2 634</b>	<b>-498</b>	<b>-2 624</b>
<b>Cash flow from financing activities</b>				
Repayment of long term liabilities	0	0	-5 000	-15 000
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>-5 000</b>	<b>-15 000</b>
Net changes in cash and cash equivalents	<b>4 362</b>	<b>3 816</b>	<b>-13 718</b>	<b>-37 170</b>
Cash and cash equivalents start of period	<b>46 453</b>	<b>46 999</b>	<b>68 234</b>	<b>91 686</b>
<b>Cash and cash equivalents end of period</b>	<b>50 815</b>	<b>50 815</b>	<b>54 516</b>	<b>54 516</b>



## Notes to 3Q 2017 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 01.01.17	645 787	25 912	671 699
Additions	2 634	0	2 634
Disposals	0	0	0
<b>Acquisition cost 30.09.17</b>	<b>648 421</b>	<b>25 912</b>	<b>674 333</b>
Accumulated depr. 01.01.17	254 240	16 845	271 085
Acc. depreciation disposals	0	0	0
Depreciation this year	15 239	3 814	19 053
Write-down this year	0	0	0
<b>Accum. depreciation 30.09.17</b>	<b>269 479</b>	<b>20 659</b>	<b>290 138</b>
<b>Book value 30.09.17</b>	<b>378 942</b>	<b>5 253</b>	<b>384 195</b>
Economic life	27	2,5 -10	
Depreciation schedule	Linear	Linear	

### Note 3 Shareholder's equity

	Share capital	Share premium	Other equity	Total
Equity 01.01.17	200 100	14	5 285	205 399
Profit for the period	0	0	-58 444	-58 444
<b>Equity 30.09.17</b>	<b>200 100</b>	<b>14</b>	<b>-53 159</b>	<b>146 955</b>

### Note 4 Income statement - summary

	3Q 2017	YTD 2017	3Q 2016	YTD 2016
<b>Operating income</b>	<b>17</b>	<b>11 955</b>	<b>11 294</b>	<b>35 739</b>
Operating expences	8 801	27 238	9 846	29 477
<b>EBITDA</b>	<b>-8 784</b>	<b>-15 283</b>	<b>1 448</b>	<b>6 262</b>
EBITDA %	0 %	0 %	13 %	18 %
Depreciation and write-down	6 275	19 053	6 898	20 637
<b>EBIT</b>	<b>-15 059</b>	<b>-34 336</b>	<b>-5 450</b>	<b>-14 375</b>
Net finance	-13 293	-23 933	-6 327	-19 032
<b>Pre tax profit</b>	<b>-28 352</b>	<b>-58 269</b>	<b>-11 777</b>	<b>-33 406</b>
Tax	0	175	-173	-173
<b>Net profit</b>	<b>-28 352</b>	<b>-58 444</b>	<b>-11 604</b>	<b>-33 233</b>

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

Notes to 3Q 2017 report

<b>3Q 2017</b>	<b>Boa Thalassa</b>	<b>Boa Galatea</b>
Operating income	17	0
Operating expenses	6 241	2 553
<b>EBITDA</b>	<b>-6 224</b>	<b>-2 553</b>
Utilization	0 %	0 %