



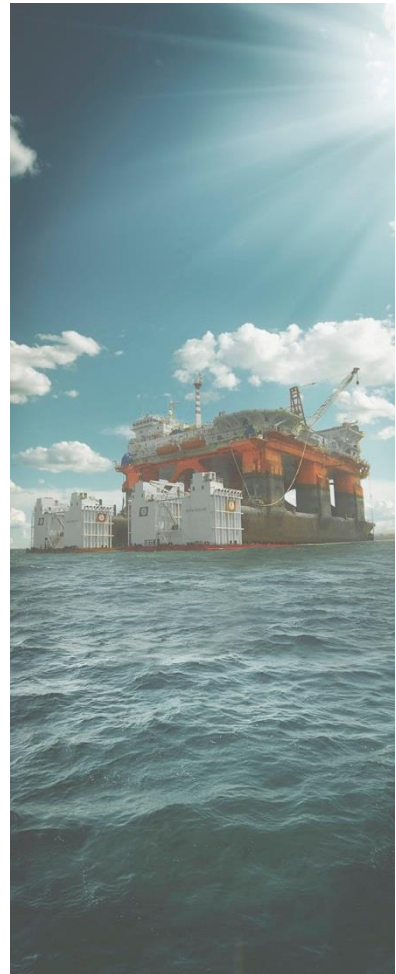
**BOA**

# Quarterly Report

## Boa SBL AS

### 3Q - 2016

Org.nr. 990 899 576



# BOA SBL AS

## CEO'S REPORT – 3Q 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 two special built vessels for EM Technology “Boa Thalassa” and “Boa Galatea”, and management of these vessels is undertaken by BOA Offshore AS. The main office of the company is located in Trondheim.

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

Operating income in the period was mNOK 11,3 (mNOK 43,9 in the same period 2015).

Operating expenses were mNOK 16,7 (mNOK 27,1).

EBITDA for the period was mNOK 1,4 (mNOK 23,4).

Operating profit/EBIT was mNOK -5,5 (mNOK 16,8).

Net financial items were mNOK -6,3 (mNOK -0,7).

Profit before tax was mNOK -11,8 (mNOK 16,1).

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

Net cash flow from operating activities was mNOK -8,2 (mNOK 24,3).

Net cash flow from investing activities was mNOK -0,5 (mNOK -3,3).

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

Net change in cash was mNOK -13,7 (mNOK 16,0).

### **Balance sheet 30.09.2016:**

Total assets per 30.09.2016 were mNOK 628 (mNOK 680 per 30.09.2015). Interest bearing debt was mNOK 335 (mNOK 355), and the equity mNOK 219 (mNOK 246). The equity ratio 34,8 %, decreased from 35,7 % last quarter (36,2 % per 30.09.2015).

Cash and Cash equivalents per 30.09.2016 were mNOK 54,5 (mNOK 63,4 per 30.09.2015).

### **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 30.09.2016 is mNOK 54,5. 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 April 2018, and outstanding bond amount per 30.09.2016 is mNOK 335. If the company fails to repay or refinance its loan facility, additional equity financing may be required. If the current market conditions persists over time there

is no assurance that the company will not experience cash flow shortfall or to remain in compliance with minimum cash requirements.

*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 - financial restructuring**

The management has initiated a proposal for a restructuring of the company's balance sheet as part of a larger restructuring for the Boa Group, which will be presented to and discussed with the company's largest financial creditors going forward.

While such discussions will be ongoing with the creditors, the company will continue to operate normally in all material respects, upholding the highest level of service to all its customers and continue to honor all its external suppliers and trade creditors. However, during the restructuring process no interest and amortization will be paid to financial and intercompany creditors.

**Future development:**

The short to medium term outlook for the seismic sector remains very challenging and soft 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 scale back their E&P investment budgets. 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 will play an important role in finding new reserves and maintain producing reserves. Although the oil price is up approximately 50 % since the beginning of 2016, it probably needs to increase somewhat further and stabilize at a higher level than today before seeing any notable increase in demand for seismic services.

Boa Thalassa and Boa Galatea have been working for EMGS since they were delivered from the yard in 2008 and 2009, respectively. Boa Thalassa is on a firm contract with EMGS until April 2017, whereas the Boa Galatea ended its firm contract in January 2016 and is now idle and in lay up. EMGS has seen a significant deterioration in sales over the last two years along with the industry. New potential contracts with EMGS or other seismic companies depend on when the oil and gas industry turn again. 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 in the offshore wind-farm support. Most of these segments have deteriorated in line with the industry, others still offer some opportunities. However, so far the total economics of converting into alternative segments have not been satisfactory.

**Statement from the CEO:**

I hereby declare that to the best of my knowledge the interim accounts for the third 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. It should be noted that the group's financial position, liabilities and the principles for valuation of its assets may be affected by i.a. the planned restructuring process and the liquidity situation of the group companies going forward.

Trondheim, 29 November 2016



Helge Kvalvik  
CEO

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

*(figures in NOK 1 000)*

	<b>3Q 2016</b>	<b>YTD 2016</b>	<b>3Q 2015</b>	<b>YTD 2015</b>
<b>Operating income and operating expenses</b>				
Operating income	11 294	35 739	43 910	125 727
<b>Operating income</b>	<b>11 294</b>	<b>35 739</b>	<b>43 910</b>	<b>125 727</b>
Operating expenses vessels	1 827	5 611	4 784	11 892
Payroll expenses	4 551	15 517	13 287	37 147
Depreciation expenses	6 898	20 637	6 599	20 378
Other operating expenses	3 468	8 349	2 463	7 978
<b>Operating expenses</b>	<b>16 744</b>	<b>50 114</b>	<b>27 133</b>	<b>77 396</b>
<b>Operating result</b>	<b>-5 451</b>	<b>-14 375</b>	<b>16 777</b>	<b>48 331</b>
<b>Financial income and expenses</b>				
Interest income from group companies	1 783	5 349	1 700	5 166
Other interest income	5	22	22	45
Other financial income	409	3 949	4 855	10 897
Interest expense to group companies	817	2 404	779	2 284
Other interest expenses	5 597	17 081	6 203	18 978
Other financial expenses	2 110	8 867	275	9 484
<b>Financial result</b>	<b>-6 327</b>	<b>-19 032</b>	<b>-680</b>	<b>-14 638</b>
<b>Result before tax</b>	<b>-11 778</b>	<b>-33 406</b>	<b>16 097</b>	<b>33 693</b>
Tax on ordinary result	-173	-173		
<b>Result after tax</b>	<b>-11 604</b>	<b>-33 233</b>	<b>16 097</b>	<b>33 693</b>

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

	30.09.2016	30.09.2015	31.12.2015
<i>(figures in NOK 1 000)</i>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Deferred tax assets	11 330	12 183	11 330
<b>Total intangible assets</b>	<b>11 330</b>	<b>12 183</b>	<b>11 330</b>
<b>Tangible fixed assets</b>			
Vessels	435 411	460 261	453 423
<b>Total tangible fixed assets</b>	<b>435 411</b>	<b>460 261</b>	<b>453 423</b>
<b>Financial fixed assets</b>			
Loans to group companies	113 487	106 452	108 137
<b>Total financial fixed assets</b>	<b>113 487</b>	<b>106 452</b>	<b>108 137</b>
<b>Total fixed assets</b>	<b>560 228</b>	<b>578 896</b>	<b>572 890</b>
<b>Current assets</b>			
Inventories	155		
<b>Receivables</b>			
Trade receivables	7 856	32 492	15 803
Receivables from group companies	2 751		983
Other receivables	2 991	4 829	3 874
<b>Total receivables</b>	<b>13 598</b>	<b>37 321</b>	<b>20 660</b>
Cash and bank deposits	54 516	63 361	91 686
<b>Total current assets</b>	<b>68 269</b>	<b>100 682</b>	<b>112 346</b>
<b>Total assets</b>	<b>628 497</b>	<b>679 579</b>	<b>685 236</b>

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

	<b>30.09.2016</b>	<b>30.09.2015</b>	<b>31.12.2015</b>
<i>(figures in NOK 1 000)</i>			
<b>Equity and liabilities</b>			
<b>Restricted equity</b>			
Share capital	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	18 794	46 052	52 027
<b>Total retained earnings</b>	<b>18 794</b>	<b>46 052</b>	<b>52 027</b>
<b>Total equity</b>	<b>218 908</b>	<b>246 166</b>	<b>252 141</b>
<b>Liabilities</b>			
<b>Other long term liabilities</b>			
Bonds	335 000	355 000	350 000
Liabilities to group companies	68 331	65 139	65 927
<b>Total long term liabilities</b>	<b>403 331</b>	<b>420 139</b>	<b>415 927</b>
<b>Short time liabilities</b>			
Trade creditors	1 523	8 299	6 660
Liabilities to group companies			4 056
Other short term liabilities	4 735	4 975	6 453
<b>Total short term liabilities</b>	<b>6 258</b>	<b>13 274</b>	<b>17 169</b>
<b>Total liabilities</b>	<b>409 589</b>	<b>433 413</b>	<b>433 096</b>
<b>Total liabilities and equity</b>	<b>628 497</b>	<b>679 579</b>	<b>685 236</b>

## Cash flow statement

Figures in 1 000 NOK	3Q 2016	YTD 2016	3Q 2015	YTD 2015
<b>Cash flow from operating activities</b>				
Profit before income taxes	-11 778	-33 406	16 097	33 693
Depreciation	6 898	20 636	6 599	20 378
Changes in trade receivables and creditors	106	2 810	3 022	-4 998
Changes in receivables from group entities	-3 185	-8 770	-922	-2 881
Changes in other short-term receivables and liabilities	-261	-816	-506	4 449
<b>Net cash flow from operating activities</b>	<b>-8 220</b>	<b>-19 546</b>	<b>24 291</b>	<b>50 641</b>
<b>Cash flow from investing activities</b>				
Purchase of tangible fixed assets	-498	-2 624	-3 284	-4 022
<b>Net cash flow from investing activities</b>	<b>-498</b>	<b>-2 624</b>	<b>-3 284</b>	<b>-4 022</b>
<b>Cash flow from financing activities</b>				
Repayment of long term liabilities	-5 000	-15 000	-5 000	-15 000
<b>Net cash flow from financing activities</b>	<b>-5 000</b>	<b>-15 000</b>	<b>-5 000</b>	<b>-15 000</b>
Net changes in cash and cash equivalents	-13 718	-37 170	16 007	31 619
Cash and cash equivalents start of period	68 234	91 686	47 354	31 742
<b>Cash and cash equivalents end of period</b>	<b>54 516</b>	<b>54 516</b>	<b>63 361</b>	<b>63 361</b>

## Notes to 3Q 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	642 955	25 912	668 867
Additions	2 624	0	2 624
Disposals	0	0	0
<b>Acquisition cost 30.09.16</b>	<b>645 579</b>	<b>25 912</b>	<b>671 491</b>
Accumulated depr. 01.01.16	204 495	10 949	215 444
Acc. depreciation disposals	0	0	0
Depreciation this year	16 215	4 422	20 637
<b>Accum. depreciation 30.09.16</b>	<b>220 710</b>	<b>15 371</b>	<b>236 081</b>
<b>Book value 30.09.16</b>	<b>424 869</b>	<b>10 541</b>	<b>435 411</b>
Economic life	27	2,5 -10	
Depreciation schedule	Linear	Linear	

### Note 3 Shareholder's equity

	Share capital	Share premium	Other equity	Total
Equity 01.01.16	200 100	14	52 027	252 141
Profit for the period	0	0	-33 233	-33 233
<b>Equity 30.09.16</b>	<b>200 100</b>	<b>14</b>	<b>18 794</b>	<b>218 908</b>



Notes to 3Q 2016 report

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

	<b>3Q 2016</b>	<b>YTD 2016</b>	<b>3Q 2015</b>	<b>YTD 2015</b>
<b>Operating income</b>	<b>11 294</b>	<b>35 739</b>	<b>43 910</b>	<b>125 727</b>
Operating expences	9 846	29 477	20 534	57 018
<b>EBITDA</b>	<b>1 448</b>	<b>6 262</b>	<b>23 376</b>	<b>68 709</b>
EBITDA %	13 %	18 %	53 %	55 %
Depreciation	6 898	20 637	6 599	20 378
<b>EBIT</b>	<b>-5 451</b>	<b>-14 375</b>	<b>16 778</b>	<b>48 331</b>
Net finance	-6 327	-19 032	-680	-14 638
<b>Pre tax profit</b>	<b>-11 778</b>	<b>-33 406</b>	<b>16 097</b>	<b>33 693</b>
Tax	-173	-173	-	-
<b>Net profit</b>	<b>-11 604</b>	<b>-33 233</b>	<b>16 097</b>	<b>33 693</b>