



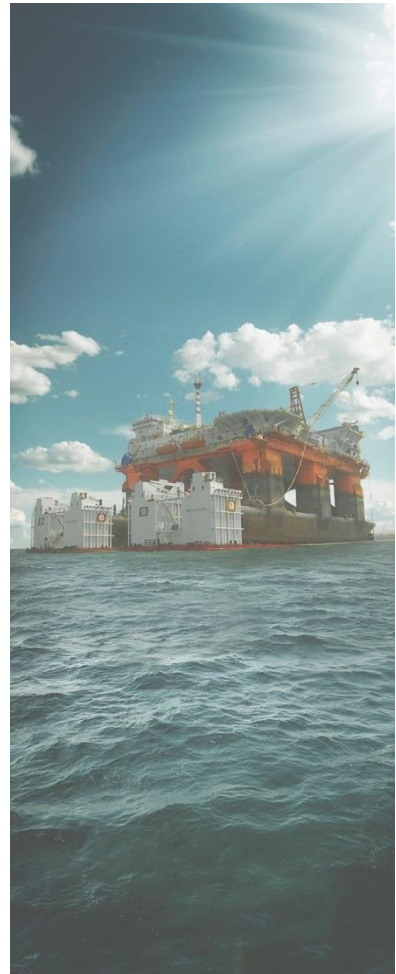
BOA

Quarterly Report

Boa OCV AS

2Q - 2017

Org.nr. 984 158 939



BOA OCV AS

CEO'S REPORT – 2Q 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 offshore construction vessels "Boa Deep C" and "Boa Sub C". Management of these vessels is undertaken by Boa Offshore AS.

Review of second quarter 2017 accounts:

Operating income in the period was mNOK 55,4 (mNOK 100,8 in the same period in 2016).

Operating expenses were mNOK 71,7 (mNOK 96,3).

EBITDA for the period was mNOK -2,0 (mNOK 19,1).

Operating Profit/EBIT was mNOK -16,4 (mNOK 4,5).

Net financial items were mNOK -270,9 (mNOK -9,2).

Profit before tax was mNOK -287,3 (mNOK -4,7).

Cash flow in the period:

Net cash flow from operating activities was mNOK -7,0 (mNOK 0,6 in the same period 2016).

Net cash flow from investing activities was mNOK -4,4 (mNOK 0,0).

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

Net change in cash was mNOK -11,3 (mNOK -24,4).

Balance sheet 30.06.2017:

Total assets per 30.06.2017 were mNOK 1 140 (mNOK 1 421 per 30.06.2016). Interest bearing debt was mNOK 1 000 (mNOK 1 050), and the equity mNOK -96 (mNOK 268). The equity ratio decreased to 0,0 % from last quarter 13,5 % (18,8 % per 30.06.2016).

Cash and Cash equivalents per 30.06.2017 were mNOK 14,9 (mNOK 98,4 per 30.06.2016).

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 of 30.06.2017 is mNOK 14,9. The company is financed by debt and equity. The company has a bond of mNOK 1200 listed at Oslo Stock Exchange Nordic ABM with maturity date in 2020, and outstanding bond amount per 30.06.2017 is mNOK 1000.

Credit risk

The company is 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 company's credit risk.

Events in the period:

Summons to Bondholders' meeting was sent 22 June 2017.

Events after the Balance sheet date:

The financial restructuring of Boa Group which has been ongoing since end of November 2016 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 will be performed by Boa Management AS instead of previously Boa Offshore AS. Boa Management is a subsidiary of Boa Shipping AS. Furthermore, the financial restructuring contains certain requirements to sale and realization of assets for the Boa Offshore Group and its parent Taubåtkompaniet AS (TBK). The objective of the financial restructuring is to form a sustainable financial solution to the Boa Group in a sustained challenging environment for offshore vessels. More comprehensive information and details regarding the financial restructuring can be found in the summons to Bondholder's meeting dated 22 June 2017.

Boa OCV AS received mNOK 88,5 as gross initial cash distribution from Boa Offshore AS at closing.

There have been no other 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 30.06.2017.

TBK Asset realization – update:

Boa Eiendom AS (Eiendom) has sold the following assets; shares in Trondheim Maritime Senter AS and Fremo Næringspark AS, real estate in Ånn, Sweden. Eiendom has also received their part of the Initial Cash Distribution on their bonds holding (Boa Unsec). The significant assets remaining are shares in Royal Garden, 2 helicopters and their Boa Unsec' bonds holding. Sales processes for Royal Garden and helicopters are ongoing. Current cash position in Eiendom is approximately mNOK 21.

Boa Investment AS (Investment) and the subsidiary Nordenfjeldske Luftfart AS (NFL); NFL has sold their shares in Helitrans AS. The helicopters are on a dry lease to Helitrans until February 2020. The lease has a 3 month termination clause for the lessee and also a first right to buy the helicopters. Negotiations and sales process is initiated and will be continued. Current cash position in Investment/NFL is approximately mNOK 25.

Intercompany claims in NFL/Investment/Eiendom 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.

The total estimated distribution from the TBK Asset realization is unchanged and in the range of mNOK 80-120. About mNOK 20-30 of this is estimated to be distributed in 3Q 17.

Future development:

The short to medium term outlook for the subsea services segment remains challenging due to the drop in oil prices from mid-2014. The cost level 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 notably lower oil prices than those experienced before the drop in mid-2014. However, timing and magnitude of such a recovery still remains uncertain. Despite oil prices recovering from around USD 30/bbl at the beginning of 2016 to around USD 50/bbl for the first half of 2017, tendering activity has only increased modestly. If oil prices remain at current levels or above, it is expected to see some increase in activity and demand from 2018. Moreover, competition remains tough and dayrates for the contracts awarded are therefore subdued.

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 important for oil companies also in the future.

Boa Deep C and Boa Sub C continue to work on medium term contracts in West Africa in the southern part of

the North Sea, respectively. Both Vessels therefore have firm commitments until late 3Q17 or early 4Q17.

Unless the company is able to secure new contracts after completing the current contracts, stacking of the vessels will be considered again.

Statement from the CEO:

I hereby declare that to the best of my knowledge the interim accounts for the second 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 August 2017



Helge Kvalvik
CEO

Income Statement
Boa OCV AS

	2Q 2017	YTD 2017	2Q 2016	YTD 2016
<i>(figures in NOK 1 000)</i>				
Operating income and operating expenses				
Operating income	55 367	138 098	100 789	157 307
Operating income	55 367	138 098	100 789	157 307
Operating expenses vessels	35 818	71 835	35 623	84 728
Payroll expenses	16 319	33 446	24 213	44 887
Depreciation and write down	14 269	29 447	14 570	28 559
Other operating expenses	5 319	10 402	21 901	29 255
Total operating expenses	71 725	145 130	96 308	187 428
Operating result	-16 359	-7 032	4 481	-30 121
Financial income and expenses				
Interest income from group companies	9 840	19 572	9 208	18 417
Other interest income	6	42	43	95
Other financial income	2 549	3 702	4 002	4 695
Interest expense to group companies	663	1 312	-	-
Other interest expenses	18 299	36 343	19 281	41 359
Other financial expenses	264 351	266 478	3 165	9 229
Financial result	-270 918	-280 816	-9 192	-27 381
Result before tax	-287 277	-287 848	-4 711	-57 502
Tax on ordinary result				
Result after tax	-287 277	-287 848	-4 711	-57 502

Balance sheet
Boa OCV AS

	30.06.2017	30.06.2016	31.12.2016
<i>(figures in NOK 1 000)</i>			
Fixed assets			
Intangible fixed assets			
Deferred tax asset	14 264	12 638	14 264
Total intangible fixed assets	14 264	12 638	14 264
Tangible fixed assets			
Vessels	664 609	712 424	687 132
Total tangible fixed assets	664 609	712 424	687 132
Financial fixed assets			
Loans to group companies	322 538	539 681	576 717
Total financial fixed assets	322 538	539 681	576 717
Total fixed assets	1 001 411	1 264 743	1 278 113
Current assets			
Inventories	-	4 300	7 431
Receivables			
Trade receivables	69 855	30 417	6 033
Receivables from group companies	26 299	652	41 027
Other receivables	27 742	22 684	6 420
Total receivables	123 896	53 753	53 479
Cash and bank deposits	14 873	98 373	44 953
Total current assets	138 769	156 426	105 864
Total assets	1 140 180	1 421 170	1 383 977

Balance sheet
Boa OCV AS

	30.06.2017	30.06.2016	31.12.2016
<i>(figures in NOK 1 000)</i>			
Equity and liabilities			
Restricted equity			
Share capital	100	100	100
Share premium	80 108	80 108	80 108
Other restricted equity	14 445	14 445	14 445
Total restricted equity	94 653	94 653	94 653
Retained earnings			
Other equity	-190 185	173 136	97 664
Total retained earnings	-190 185	173 136	97 664
Total equity	-95 532	267 789	192 316
Liabilities			
Other long term liabilities			
Bonds	1 000 000	1 050 000	1 000 000
Liabilities to group companies	56 675		55 363
Total long term liabilities	1 056 675	1 050 000	1 055 363
Short time liabilities			
Trade creditors	39 683	39 813	38 579
Liabilities to group companies	78 683	30 549	69 460
Tax payable	-147	-198	634
Other short term liabilities	60 818	33 216	27 625
Total short term liabilities	179 037	103 381	136 298
Total liabilities	1 235 712	1 153 381	1 191 661
Total liabilities and equity	1 140 180	1 421 170	1 383 977

Cash flow report

Figures in 1 000 NOK	2Q 2017	YTD 2017	2Q 2016	YTD 2016
Cash flow from operating activities				
Profit before income taxes	-287 277	-287 848	-4 711	-57 502
Paid in tax	-390	-780	-519	-1 037
Depreciation/write-down	14 269	29 447	29 570	43 559
Write-down receivables from group entities	254 179	254 179	0	0
Changes in trade receivables and creditors	4 855	-62 718	11 350	-1 187
Changes in receivables from group entities	107	25 263	10 803	25 151
Changes in other short-term receivables and liabilities	7 304	19 300	-45 905	-159
Net cash flow from operating activities	-6 953	-23 155	588	8 827
Cash flow from investing activities				
Purchase of fixed assets	-4 363	-6 925	0	-7 940
Net cash flow from investing activities	-4 363	-6 925	0	-7 940
Cash flow from financing activities				
Repayment of long term liabilities	0	0	-25 000	-50 000
Net cash flow from financing activities	0	0	-25 000	-50 000
Net changes in cash and cash equivalents	-11 316	-30 080	-24 412	-49 113
Cash and cash equivalents start at period	26 190	44 953	122 785	147 489
Cash and cash equivalents end of period	14 873	14 873	98 374	98 374

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	1 209 224	123 806	1 333 030
Additions		6 925	6 925
Disposals		0	0
Acquisition cost 30.06.2017	1 209 224	130 731	1 339 955
Accumulated depr. and write-down 01.01.17	571 672	74 226	645 898
Depreciation this period	18 816	10 161	28 977
Write-down this period	470		470
Accum. depreciation 30.06.2017	590 958	84 388	675 346
Book value 30.06.2017	618 266	46 343	664 609
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 01.01.17	100	80 108	14 445	97 664	192 316
Profit for the period	0	0	0	-287 848	-287 848
Equity 30.06.2017	100	80 108	14 445	-190 184	-95 532

Notes to 2Q 2017 report

Note 4 **Income statement - summary**

	2Q 2017	YTD 2017	2Q 2016	YTD 2016
Operating income	55 367	138 098	100 789	157 307
Operating expences	57 456	115 683	81 738	158 869
EBITDA	-2 089	22 415	19 051	-1 562
EBITDA %	0 %	16 %	19 %	0 %
Depreciation and write-down	14 269	29 447	14 570	28 559
EBIT	-16 358	-7 032	4 481	-30 121
Net finance	-270 918	-280 816	-9 192	-27 381
Pre tax profit	-287 277	-287 848	-4 711	-57 502
Tax	-	-	-	-
Net profit	-287 277	-287 848	-4 711	-57 502

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

2Q 2017	Boa Deep C	Boa Sub C
Operating income	16 649	38 718
Operating expenses	23 669	33 580
EBITDA	-7 020	5 138
Utilization	31 %	69 %