



BOA

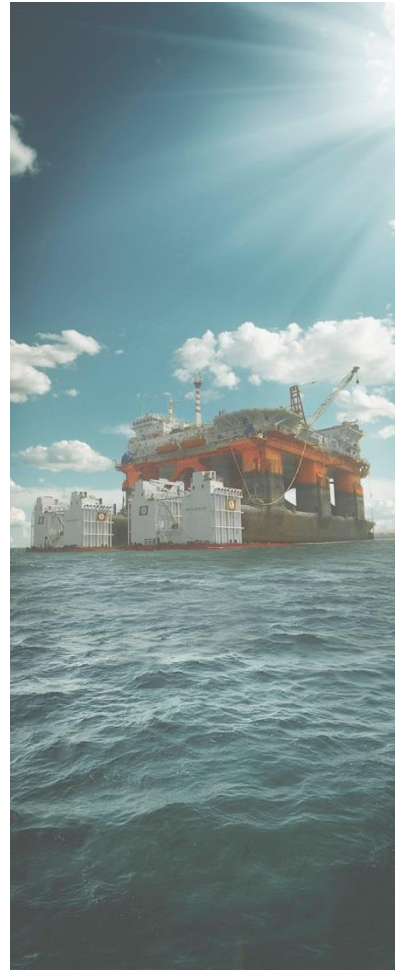
Quarterly Report

Consolidated

Boa Offshore AS

1Q - 2016

Org.nr. 926 265 156



CONSOLIDATED BOA OFFSHORE AS

CEO'S REPORT – 1Q 2016

General information:

The unaudited interim report is prepared in accordance with NGAAP.

Nature and location of activities:

Boa Offshore AS is the parent and the management company of the Boa Offshore Group ("Group"). The company also invests in shipping and offshore related companies. The Group is comprised of several ship owning companies within the following segments; tugboats, barges and offshore vessels. The tugboat activity, including salvaging, operates along the Norwegian coast and the North Sea. The barge fleet consists of larger barges operated internationally, and the offshore department manages offshore support vessels within construction and oil exploration, operating worldwide. The management is located in Trondheim.

Review of first quarter 2016 accounts:

Operating income in the period was mNOK 236,5 (mNOK 371,3 in the same period 2015).

Operating expenses were mNOK 220,3 (mNOK 407,0).

EBITDA for the period was mNOK 63,2 (mNOK 6,1).

Operating Profit/EBIT was mNOK 16,2 (mNOK -35,7).

Net financial items were mNOK 19,8 (mNOK -41,8).

Profit before tax was mNOK 36,0 (mNOK -77,4).

Cash flow in the period:

Net cash flow from operating activities was mNOK 544,6 (mNOK 79,0).

Net cash flow from investing activities was mNOK -57,9 (mNOK -140,3).

Net cash flow from financing activities was mNOK -190,7 (mNOK 105,4).

Net change in cash was mNOK 295,9 (mNOK 44,1).

Balance sheet 31.03.2016:

Total assets per 31.03.2016 were mNOK 5 090 (mNOK 5 760 per 31.03.2015). Interest bearing debt was mNOK 3 541 (mNOK 3 773), and the equity mNOK 1 301 (mNOK 1 554). The equity ratio is 25,6 %, an increase from 23,4 % last quarter (27,0 % per 31.03.2015).

Cash and Cash equivalents per 31.03.2016 were mNOK 778 (mNOK 678 per 31.03.2015).

The value adjusted equity ratio for Boa Offshore per 31.03.2016 was 40,2 % and the NIBD/EBITDA ratio was 10,68 (EBITDA last 12 months/4 quarters).

Events in the period:

Boa PSV AS, a 100 % owned subsidiary in the Boa Offshore group received a total of approximately USD 84 million including interest related to the two cancelled shipbuilding contracts for two MPSVS with Nantong Mingde Heavy Industry in China. BMSI was sold with effect from 01.01.16 and for the OSV fleet the quarter was dominated by low activity in the industry. Both Boa Deep C and Boa Sub C had low utilization before entering new contracts by the end of the quarter. The AHTS vessels and one of the SBL vessels were in layup most of the quarter. For the barge fleet activity was low in the period as expected, but good order intake for coming quarters and years. The tug fleet activity was a bit below expectations for the quarter.

Financial risk:*Market risk:*

The Group is susceptible to fluctuations in currency rates considering that the Group's earnings and long-term financing is partly in foreign currency. However, this market risk is to a certain degree reduced by the Group also having certain operating costs in the same currency. The Group continuously monitors the currency markets and reduces currency exposure when appropriate by entering into forward agreements or other financial contracts to reduce the currency risk. By 31.03.2016 the total of the group's interest bearing debt was mNOK 3 542 where of mNOK 968 is secured by interest rate swap agreements or fixed rate.

Credit risk:

The potential risk that the contracting parties will not have the financial means to meet its obligations is considered increased on aggregate to medium. We experience WC build as clients tend to pay later than previous experienced. No agreements have been entered into or other financial means established to minimise the Group's credit risk.

Liquidity risk:

The Group's liquidity position as of 31.03.2016 is mNOK 778. The parent company has a bond of mNOK 500 and a subordinated bond of mNOK 150 listed at Oslo Stock Exchange Nordic ABN, as well as a non-listed bond of mNOK 50 outstanding. The bonds have maturity dates in December 2018 (mNOK 650) and May 2020 (mNOK 50). The total of outstanding bonds as of 31.03.2016 was mNOK 2 098.

Events after the balance sheet date:

Boa Offshore AS has bought back approximately NOK 50 million in the subordinated bond at a purchase price of 100% of par value and plans to offer all the remaining bondholders to tender their bonds at 101% of par value within short time. Furthermore, Boa Offshore group has during the second quarter increased its ownership i NFDS Offshore 1 AS to 100%. There have been no other events after the end of the financial period that would have material impact on the evaluation of the Group's profit and loss account or balance sheet as per 31.03.2016.

Future development:

The outlook for Boa Offshore is a mixed picture. Boa Offshore's Barge and Tug segments are exposed to more industries and demand drivers than oil and gas. The Barge business currently holds a record-high backlog, of which a significant part is non-oil and gas. The Tug business experienced increased activity in 2015, however with a somewhat more challenging market.

The short to medium term outlook for the offshore vessel segment (OCV and SBL) remains uncertain and challenging due to the drop in oil prices from mid-2014. A number of offshore exploration and development projects have been postponed or scrapped as oil companies focus to a greater extent on cash flow due to lower oil prices. 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. Despite the challenging market, Boa Sub C and Boa Deep C have secured a number of short and medium term contracts this year.

The North Sea AHTS market is expected to remain challenging in coming years as the rig count and activity level in the North Sea has declined. On a positive note, the supply side (number of active and marketed AHTS vessels) has adjusted as vessel owners have put vessels into lay-up. Dayrates are still low and not at sustainable levels. Boa Bison currently operates in the spot market, and the Boa Jarl on a 6+6 month term contract in the North Sea.

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

Consolidated Income Statement

Boa Offshore AS

Figures in 1 000 NOK

	Note	1Q 2016	1Q 2015	FY 2015
Operating income	2	164 407	371 276	1 667 774
Other operating income	2	72 074	51	15 967
Operating income	2	236 481	371 328	1 683 741
Operating cost ships		92 940	271 512	1 053 029
Payroll expenses		66 326	80 450	349 719
Depreciation	3	47 607	41 726	182 180
Write down on tangible assets	3	-640	0	265 041
Other operating expenses		14 057	13 304	79 456
Operating expenses		220 290	406 993	1 929 425
Operating profit		16 191	-35 665	-245 683
Financial income and expenses				
Interest income from group companies		2 105	1 933	8 038
Other interest income		114 170	937	4 823
Other financial income		14 483	52 952	139 629
Interest expense to group companies		532	144	1 425
Other interest expenses		57 219	53 297	226 424
Other financial expenses		53 174	44 159	142 736
Net financial income and expenses		19 833	-41 778	-218 094
Operating result before tax		36 023	-77 443	-463 778
Tax on ordinary result		380	7	-42 425
Operating result		35 644	-77 450	-421 352

Consolidated Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Assets	Note	31.03.2016	31.03.2015	31.12.2015
Fixed assets				
Intangible fixed assets				
Deferred tax asset		248 332	203 376	248 332
Total intangible assets		248 332	203 376	248 332
Tangible fixed assets				
Buildings and land	3	5 847	5 447	5 847
Ships	3	3 451 599	2 691 254	3 152 167
Equipment and other movables	3	4 678	3 963	5 746
Newbuilding contracts	3	0	1 365 970	304 677
Total tangible fixed assets		3 462 124	4 066 634	3 468 437
Financial fixed assets				
Loans to group companies		151 389	174 720	161 362
Investments in shares		3 294	270	3 294
Other receivables		20 413	198 514	17 917
Total financial fixed assets		175 095	373 503	182 573
Total fixed assets		3 885 551	4 643 512	3 899 342
Current assets				
Inventories		6 424	5 738	12 880
Debtors				
Accounts receivables		182 155	247 628	206 920
Loan to group companies		7 762	106	5 606
Other receivables		229 290	184 840	802 958
Total debtors		419 206	432 574	1 015 484
Investments				
Other financial instruments		350	334	350
Total investments		350	334	350
Cash and bank deposits		778 305	678 321	482 401
Total current assets		1 204 284	1 116 966	1 511 115
Total assets		5 089 835	5 760 479	5 410 456

Consolidated Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Equity and liabilities	Note	31.03.2016	31.03.2015	31.12.2015
Restricted equity				
Share capital	4	2 500	2 500	2 500
Share premium	4	74 447	74 447	74 447
Other restricted equity	4	3 106	3 106	3 106
Total restricted equity		80 053	80 053	80 053
Retained earnings				
Other equity	4	1 220 597	1 473 566	1 187 981
Total retained earnings		1 220 597	1 473 566	1 187 981
Total equity		1 300 649	1 553 618	1 268 034
Liabilities				
Other long-term liabilities				
Bonds	5	2 098 240	2 089 000	2 127 840
Liabilities to financial institutions	5	1 412 417	1 684 249	1 588 667
Liabilities to group companies		30 000	12 286	30 984
Total of other long term liabilities		3 540 657	3 785 536	3 747 491
Current liabilities				
Trade creditors		43 774	208 509	154 932
Liabilities to group companies		19	10	0
Tax payable		0	6 095	950
Public duties payable		5 357	8 519	11 995
Dividends		0	9 100	0
Other short term liabilities		199 380	189 092	227 056
Total short term liabilities		248 529	421 325	394 932
Total liabilities		3 789 186	4 206 860	4 142 423
Total equity and liabilities		5 089 835	5 760 479	5 410 456

Consolidated Cash Flow Statement

Boa Offshore AS

Figures in 1 000 NOK

		1Q 2016	1Q 2015	FY 2015
Cash flow from operating activities				
Profit before income taxes		36 023	-77 443	-463 778
Income tax paid		-4 909	-6 111	-12 452
Depreciation and write-down		47 607	41 726	447 221
Gain on sale of financial items		0	-728	-728
Write-down of financial fixed assets		-640	0	0
Currency gain/-loss		0	18 000	23 811
Changes in inventories		6 456	-311	-7 453
Changes in trade receivables		24 765	143 763	184 471
Changes in other receivables		576 081	9 947	64 153
Changes in trade creditors		-111 158	-53 065	-106 642
Changes in receivables from group companies		6 852	-7 186	19 360
Changes in other short-term liabilities		-36 413	10 404	-10 008
Net cash flow from operating activities	A	544 664	78 995	137 956
Cash flow from investing activities				
Purchase of tangible fixed assets		-41 513	-140 385	-410 709
Purchase of financial fixed assets		-16 100	0	-3 024
Changes in other investments		0	110	0
Net cash flow from investing activities	B	-57 613	-140 275	-413 733
Cash flow from financing activities				
Raised long term liabilities		0	215 471	527 848
Paid in long term liabilities		-193 812	-110 076	-455 775
Group contribution		2 665	0	-9 100
Paid in share capital		0	0	61 000
Net cash flow from financing activities	C	-191 148	105 395	123 973
Net changes in cash and cash equivalents	A+B+C	295 904	44 115	-151 805
Cash and cash equivalent start at period		482 401	634 206	634 206
Cash and cash equivalents at end of period		778 305	678 321	482 401

Income Statement

Boa Offshore AS

Figures in 1 000 NOK

	Note	1Q 2016	1Q 2015	FY 2015
Operating Income	2	68 486	69 129	299 944
Operating cost ships		1 363	1 079	3 244
Payroll expenses		56 516	60 310	242 528
Depreciation	3	461	248	994
Other operating expenses		10 296	9 678	82 843
Operating expenses		68 636	71 314	329 609
Operating profit		-151	-2 185	-29 665
Financial income and expenses				
Income from subsidiaries		0	0	2 665
Interest income from group companies		24 629	19 953	98 060
Other interest income		766	276	3 362
Other financial income		10 613	12 911	19 476
Depreciation of other financial current assets		0	0	31 500
Interest expense to group companies		12 176	10 858	44 860
Other interest expenses		16 351	13 789	62 390
Other financial expenses		9 448	4 597	29 952
Net financial income and expenses		-1 968	3 895	-45 138
Operating result before tax		-2 119	1 710	-74 803
Tax on ordinary result		380	0	6 024
Operating result		-2 498	1 710	-80 827

Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Assets	Note	31.03.2016	31.03.2015	31.12.2015
Fixed assets				
Intangible fixed assets				
Deferred tax asset		199 838	204 422	199 838
Total intangible fixed assets		199 838	204 422	199 838
Tangible fixed assets				
Buildings and land	3	5 847	5 447	5 847
Vessels	3	4 439	5 071	4 597
Equipment and other movables	3	4 578	1 580	4 583
Total tangible fixed assets		14 864	12 098	15 027
Financial fixed assets				
Investments in subsidiaries		411 410	299 315	403 360
Loans to group companies		1 647 867	1 799 122	1 908 009
Investments in shares		3 044	20	3 044
Other receivables		16 395	10 385	14 148
Total financial fixed assets		2 078 716	2 108 842	2 328 561
Total fixed assets		2 293 418	2 325 362	2 543 426
Current assets				
Inventories		110	120	0
Receivables				
Trade receivables		-156	15 197	2 813
Loans to group companies		121 784	93 272	94 122
Other receivables		36 875	10 886	48 276
Total receivables		158 503	119 355	145 211
Cash and bank deposits		234 062	121 888	98 827
Total current assets		392 675	241 363	244 038
Total assets		2 686 094	2 566 725	2 787 464

Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

	Note	31.03.2016	31.03.2015	31.12.2015
Equity and liabilities				
Restricted equity				
Share capital	4	2 500	2 500	2 500
Share premium	4	74 447	74 447	74 447
Other restricted equity	4	3 106	3 106	3 106
Total restricted equity		80 053	80 053	80 053
Retained earnings				
Other equity	4	1 000 943	1 085 979	1 003 442
Total retained earnings		1 000 943	1 085 979	1 003 442
Total equity		1 080 996	1 166 032	1 083 494
Liabilities				
Other long term liabilities				
Bonds	5	678 240	549 000	677 840
Liabilities to financial institutions	5	0	131 119	149 753
Liabilities to subsidiaries		819 864	672 086	731 576
Total other long term liabilities		1 498 104	1 352 205	1 559 169
Current liabilities				
Trade creditors		9 571	4 859	7 978
Liabilities to group companies		24 716	5 541	4 951
Tax payable		-29	612	0
Public duties payable		2 652	8 519	11 036
Dividends		0	9 100	0
Other short term liabilities		70 084	19 858	120 836
Total short term liabilities		106 994	48 489	144 801
Total liabilities		1 605 098	1 400 694	1 703 970
Total liabilities and equity		2 686 094	2 566 725	2 787 464

Cash Flow Statement

Boa Offshore AS

Figures in 1 000 NOK

		1Q 2016	1Q 2015	FY 2015
Cash flow from operating activities				
Profit before income taxes		-2 119	1 710	-43 303
Gain on investments in subsidiaries		0	0	-2 665
Income tax paid		0	0	-425
Depreciation and write-down		461	248	994
Gain on sale of financial items		0	-728	-728
Currency gain/-loss		0	0	15 556
Changes in inventories		-110	69	189
Changes in trade receivables		2 969	-669	11 715
Changes in other receivables		9 154	2 420	-5 525
Changes in trade creditors		1 593	517	3 636
Changes in receivables from group companies		340 533	-116 998	-249 719
Changes in other short-term liabilities		-57 329	6 855	46 741
Net cash flow from operating activities	A	295 153	-106 575	-223 533
Cash flow from investing activities				
Purchase of tangible fixed assets		0	-27	-3 702
Purchase of financial fixed assets		-16 100	0	-107 069
Net cash flow from investing activities	B	-16 100	-27	-110 771
Cash flow from financing activities				
Raised long term liabilities		0	101 119	292 975
Paid in long term liabilities		-146 482	-59 472	-89 472
Group contribution		2 665	0	42 784
Net cash flow from financing activities	C	-143 817	41 647	246 287
Net changes in cash and cash equivalents	A+B+C	135 235	-64 955	-88 016
Cash and cash equivalent start at period		98 827	186 843	186 843
Cash and cash equivalents at end of period		234 062	121 888	98 827

Note 1 Accounting principles / general information

The quarterly report is unaudited and is prepared in compliance with NGAAP using the same principles as in 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 Segments**Consolidated**

	OCV vessels*	Seismic vessels*	Barges*	Other / elimination	Total
Operating income	56 518	13 027	19 852	147 083	236 481
EBITDA	-20 614	3 137	11 867	68 767	63 158
EBIT	-34 602	-3 732	5 739	48 786	16 191

* OCV vessels: Boa Deep C and Boa Sub C. Seismic vessels: Boa Thalassa and Boa Galatea. Barges in Boa Barges AS.

Note 3 Fixed assets - consolidated

	Vessels	Periodic mainte- nance	New- building contracts	Equipment	Buildings and land	Sum
Acquisition cost 01.01.	4 180 973	282 044	441 385	6 412	5 847	4 916 662
Additions	3 522	9 158	28 735	98	0	41 513
Transfer	470 120	0	-470 120	0	0	0
Acquisition cost 31.03.	4 654 615	291 203	0	6 510	5 847	4 958 175
Accumulated depr. 01.01.	1 183 387	127 461	136 708	1 530	0	1 449 084
Transfer	136 708	0	-136 708	0	0	0
Write-down this period	0	-640	0	0	0	-640
Depreciation this period	34 522	12 782	0	303	0	47 607
Accum. depr. 31.03.	1 354 616	139 602	0	1 833	0	1 496 051
Book value 31.03.	3 299 998	151 601	0	4 678	5 847	3 462 125

Economic life	27-30 years	2,5-10 years	5 years
Depreciation schedule	Linear	Linear	Linear

Lease amount on fixed assets, not included in the balance sheet, year to date:

15 532

Note 4 Shareholder's equity**Parent company**

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	1 003 442	1 083 495
Profit of the year	0	0	0	-2 498	-2 498
Equity 31.03	2 500	74 447	3 106	1 000 943	1 080 996

Consolidated

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	1 187 981	1 268 034
Profit of the year	0	0	0	35 644	35 644
Paid in equity	0	0	0	0	0
Other changes	0	0	0	-3 028	-3 028
Equity 31.03.	2 500	74 447	3 106	1 220 597	1 300 649

Minority share of operating result YTD	-4 658
Minority share of total equity	35 180

Note 5 Long term liabilities**Parent company**

Instalments of debt falling due more than 5 years from the balance date:

	2016	2017	2018	2019	2020	→
Instalments	0	0	658 240	0	50 000	0

Consolidated

Instalments of debt falling due more than 5 years from the balance date:

	2016	2017	2018	2019	2020	→
Instalments	122 340	243 060	1 191 384	1 053 822	430 597	499 454

Note 6 Consolidated income statement - summary

	1Q 2016	1Q 2015	FY 2015
Operating income	236 481	371 328	1 683 741
Operating expenses	173 323	365 267	1 482 204
EBITDA	63 158	6 061	201 537
EBITDA %	27 %	2 %	12 %
Depreciation and write-down	46 967	41 726	447 221
EBIT	16 191	-35 665	-245 683
Net finance	19 833	-41 778	-218 094
Pre tax profit	36 024	-77 443	-463 778
Tax	380	7	-42 425
Net profit	35 644	-77 450	-421 352

Note 7 Interest bearing debt / equity

Key figures	31.03.2016	31.03.2015	31.12.2015
Interest bearing debt	3 540 657	3 773 250	3 746 507
Cash and cash equivalents	778 305	678 321	482 401
Net Interest Bearing Debt (NIBD)	2 762 352	3 094 929	3 264 105
NIBD / EBITDA *	10,68	8,47	16,20
* Last four quarters			
Booked equity ratio	25,6 %	27,0 %	23,4 %
Value adjusted equity ratio	40,2 %	42,5 %	37,4 %