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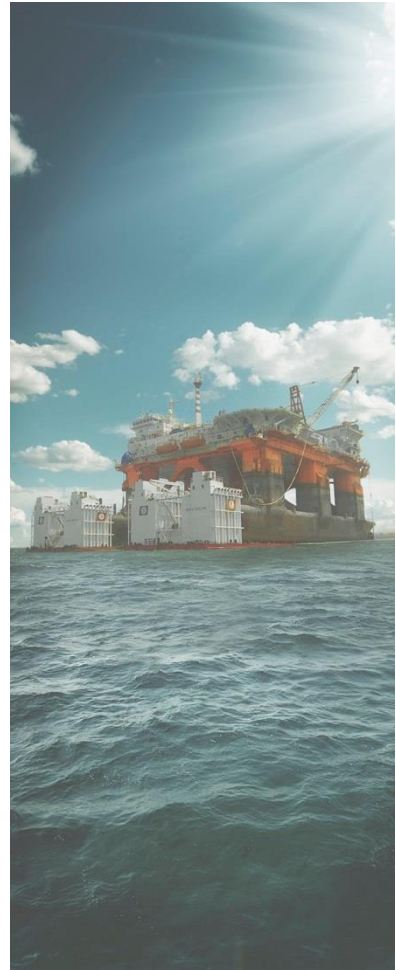
Quarterly Report

Consolidated

Boa Offshore AS

2Q - 2017

Org.nr. 926 265 156



CONSOLIDATED BOA OFFSHORE AS

CEO'S REPORT – 2Q 2017

General information:

The unaudited interim report is prepared in accordance with NGAAP.

Nature and location of activities:

Boa Offshore AS is the parent and was for the interim period 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 second quarter 2017 accounts:

Operating income in the period was mNOK 113,8 (mNOK 226,3 in the same period 2016).

EBITDA for the period was mNOK -8,4 (mNOK 15,5).

Operating expenses were mNOK 164,5 (mNOK 483,4).

Operating Profit/EBIT was mNOK -50,6 (mNOK -257,1).

Net financial items were mNOK -33,1 (mNOK -57,9).

Profit before tax was mNOK -83,7 (mNOK -315,0).

Cash flow in the period:

Net cash flow from operating activities was mNOK -1,3 (mNOK -69,7).

Net cash flow from investing activities was mNOK -10,4 (mNOK -69,3).

Net cash flow from financing activities was mNOK -9,1 (mNOK -125,5).

Net change in cash was mNOK -20,8 (mNOK -264,4).

Balance sheet 30.06.2017:

Total assets per 30.06.2017 were mNOK 3 690 (mNOK 4 622 per 30.06.2016). Interest bearing debt was mNOK 3 250 (mNOK 3 415), and the equity mNOK 171 (mNOK 976). The equity ratio is 4,6 %, a decrease from 6,9 % last quarter (21,1 % per 30.06.2016).

Cash and Cash equivalents per 30.06.2017 were mNOK 315 (mNOK 514 per 30.06.2016).

The value adjusted equity ratio for Boa Offshore per 30.06.2017 was 27,5 % and the NIBD/EBITDA ratio was 21,47 (EBITDA last 12 months/4 quarters).

Financial risk:

Interest risk

The Group companies are exposed to interest rate fluctuations on long-term debt. By 30.06.2017 the total of the group's interest bearing debt was mNOK 3 250 where of mNOK 569 is secured by interest rate swap agreements or fixed rates.

Currency risk

The Group companies are exposed to currency risk as revenues and costs are denominated in various currencies. Substantial parts of the earnings in the Group are in USD. However this currency risk is to a certain degree reduced by the companies also

having certain operating costs denominated in USD. The Group companies continuously monitor 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 79 and the Groups liquidity position as per 30.06.2017 is mNOK 315. The company is financed by debt and equity. The parent company has a bond of mNOK 499 and a subordinated bond of mNOK 61 outstanding, both listed at Oslo Stock Exchange Nordic ABN. The total of outstanding bonds for the company was 30.06.2017 mNOK 560. The total of outstanding bonds for the group as of 30.06.2017 was mNOK 1 890. The group has in addition loan to financial institutions of mNOK 1360 with various maturities between 2019 and 2027.

Credit risk:

The Group companies are 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 Group companies credit risk.

Events in the period:

Summons for Bondholders' meetings were 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. With respect to the outstanding Boa Offshore corporate bonds the restructuring also includes certain limited resource/rest claim provisions. 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 Offshore distributed 184,4 mNOK as initial cash distribution in total, and of this Boa OCV received mNOK 88,5, Boa SBL AS mNOK 17,8 and the bondholders in the Boa Offshore Unsec bond received mNOK 78.

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 outlook for Boa Offshore continues to be 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 relatively robust backlog, of which a significant part is non-oil and gas related. The activity level for the Barge business is expected to remain robust and stable in the coming years based on current prospects. Short to medium term many of these prospects are non-oil and gas. The Tug business has over the last 4-5 months experienced somewhat higher activity, especially in the spot market, after some challenging quarters in 2016. However, medium term to longer term outlook for the Tug business is still considered more uncertain.

The short to medium term outlook for the offshore vessel segment (OCV, SBL and AHTS) remains uncertain and challenging due to the drop in oil prices from mid-2014. A number of offshore exploration and development projects have since then been postponed or scrapped, as oil companies focus to a greater extent on cash flow due to lower oil prices. 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 significantly 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 USD30/bbl at the beginning of 2016 and stabilizing around USD50/bbl in the first half of 2017, tendering activity has not picked up notably yet. If oil prices remain at current levels or above, it is expected to see some increase in activity from 2018. However, for certain offshore segments demand need to pick up significantly to catch up with the current oversupply of vessels.

The North Sea AHTS market has during this summer season seen improved dayrates from the last two years, as the number of AHTS vessels laid up remain relatively stable and rig move activity has picked up somewhat during the summer. This is most likely more of a seasonal up-tick than an improved shift in the market balance.

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.

With persistent challenging markets the Group continues its cost focus program, including a cost efficient lay-up plan for the Groups AHTSs, tugs and one seismic vessel.

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

Consolidated Income Statement

Boa Offshore AS

Figures in 1 000 NOK

	Note	2Q 2017	YTD 2017	2Q 2016	YTD 2016
Operating income	2	113 837	309 472	226 310	462 791
Operating cost ships		61 219	122 627	61 344	154 284
Payroll expenses		44 021	102 118	76 884	143 210
Depreciation	3	42 230	85 344	47 545	95 152
Write down on tangible assets	3	0	470	225 000	224 360
Other operating expenses		16 991	-11 459	72 614	86 671
Operating expenses		164 461	299 100	483 386	703 676
Operating profit		-50 624	10 372	-257 076	-240 885
Financial income and expenses					
Interest income from group companies		2 138	4 118	1 568	3 673
Other interest income		935	3 804	1 955	116 125
Other financial income		41 454	61 425	10 412	24 895
Interest expense to group companies		521	1 043	501	1 033
Other interest expenses		48 647	100 426	54 342	111 561
Other financial expenses		28 426	64 856	17 017	70 192
Net financial income and expenses		-33 067	-96 979	-57 925	-38 093
Operating result before tax		-83 691	-86 606	-315 001	-278 978
Tax on ordinary result		15	589	252	632
Operating result		-83 706	-87 195	-315 253	-279 610

Consolidated Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Assets	Note	30.06.2017	30.06.2016	31.12.2016
Fixed assets				
Intangible fixed assets				
Deferred tax asset		56 296	248 332	56 296
Total intangible assets		56 296	248 332	56 296
Tangible fixed assets				
Buildings and land	3	1 897	5 847	5 847
Ships	3	2 621 642	3 147 613	2 700 391
Equipment and other movables	3	18 866	6 402	20 112
Total tangible fixed assets		2 642 405	3 159 862	2 726 350
Financial fixed assets				
Loans to group companies		172 951	153 582	158 943
Investments in shares		1 772	3 294	1 772
Other receivables		15 905	23 605	21 801
Total financial fixed assets		190 627	180 481	182 515
Total fixed assets		2 889 329	3 588 675	2 965 161
Current assets				
Inventories		5 706	8 421	10 531
Debtors				
Accounts receivables		179 388	256 207	221 430
Loan to group companies		11 089	9 901	23 475
Other receivables		289 099	244 683	179 193
Total debtors		479 576	510 791	424 098
Investments				
Other financial instruments		357	350	357
Total investments		357	350	357
Cash and bank deposits		315 472	513 879	363 648
Total current assets		801 112	1 033 441	798 635
Total assets		3 690 441	4 622 116	3 763 796

Consolidated Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Equity and liabilities	Note	30.06.2017	30.06.2016	31.12.2016
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	91 017	895 558	183 096
Total retained earnings		91 017	895 558	183 096
Total equity		171 069	975 610	263 149
Liabilities				
Other long-term liabilities				
Bonds	5	1 890 060	2 000 060	1 890 060
Liabilities to financial institutions	5	1 360 008	1 385 124	1 374 273
Liabilities to group companies		0	30 000	30 843
Total of other long term liabilities		3 250 068	3 415 184	3 295 177
Current liabilities				
Trade creditors		67 617	128 023	80 582
Liabilities to group companies		19	3 127	1 072
Tax payable		0	0	765
Public duties payable		1 123	3 200	10 320
Other short term liabilities		200 545	96 971	112 732
Total short term liabilities		269 304	231 322	205 471
Total liabilities		3 519 371	3 646 505	3 500 648
Total equity and liabilities		3 690 441	4 622 116	3 763 796

Consolidated Cash Flow Statement

Boa Offshore AS

Figures in 1 000 NOK

		2Q 2017	YTD 2017	2Q 2016	YTD 2016
Cash flow from operating activities					
Profit before income taxes		-83 691	-86 606	-315 001	-278 978
Income tax paid		-445	-1 386	-54	-4 963
Depreciation and write-down		42 230	85 814	272 545	319 512
Gain on sale of tangible fixed assets		0	-105	0	0
Changes in inventories		500	4 825	-1 997	4 459
Changes in trade receivables		12 791	42 042	-74 052	-49 287
Changes in other receivables		22 391	-103 069	31 468	607 549
Changes in trade creditors		-1 499	-12 966	84 249	-26 909
Changes in receivables from group companies		-31 747	-33 518	-1 223	5 629
Changes in other short-term liabilities		38 128	78 470	-65 618	-99 367
Net cash flow from operating activities	A	-1 341	-26 498	-69 684	477 645
Cash flow from investing activities					
Sale of tangible fixed assets		0	8 550	0	0
Purchase of tangible fixed assets		-4 831	-10 391	-22 369	-63 882
Purchase of financial fixed assets		-5 571	-5 571	-46 900	-63 000
Net cash flow from investing activities	B	-10 403	-7 412	-69 269	-126 882
Cash flow from financing activities					
Paid in long term liabilities		-9 067	-14 265	-125 473	-319 285
Net cash flow from financing activities	C	-9 067	-14 265	-125 473	-319 285
Net changes in cash and cash equivalents	A+B+C	-20 811	-48 176	-264 426	31 478
Cash and cash equivalent start at period		336 284	363 648	778 305	482 401
Cash and cash equivalents at end of period		315 473	315 473	513 879	513 879

Income Statement

Boa Offshore AS

Figures in 1 000 NOK

	Note	2Q 2017	YTD 2017	2Q 2016	YTD 2016
Operating Income	2	51 815	109 896	75 772	144 258
Operating cost ships		1 270	2 192	1 366	2 730
Payroll expenses		32 483	75 535	55 702	112 218
Depreciation	3	512	1 023	473	934
Other operating expenses		9 181	18 857	14 945	25 241
Operating expenses		43 446	97 607	72 486	141 122
Operating profit		8 369	12 288	3 286	3 135
Financial income and expenses					
Interest income from group companies		18 491	36 607	22 880	47 508
Other interest income		838	3 533	1 843	2 609
Other financial income		255 262	265 648	1 189	11 802
Depreciation of other financial current assets		0	0	0	0
Write down of other financial fixed assets		25 571	25 571	0	0
Interest expense to group companies		14 057	28 025	13 243	25 419
Other interest expenses		11 606	26 174	15 021	31 372
Other financial expenses		5 474	18 200	1 084	10 532
Net financial income and expenses		217 883	207 817	-3 436	-5 404
Operating result before tax		226 252	220 106	-150	-2 269
Tax on ordinary result		0	0	0	380
Operating result		226 252	220 106	-150	-2 648

Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Assets	Note	30.06.2017	30.06.2016	31.12.2016
Fixed assets				
Intangible fixed assets				
Deferred tax asset		0	199 838	0
Total intangible fixed assets		0	199 838	0
Tangible fixed assets				
Buildings and land	3	1 897	5 847	5 847
Vessels	3	3 823	4 502	4 162
Equipment and other movables	3	3 469	4 275	4 120
Total tangible fixed assets		9 188	14 623	14 129
Financial fixed assets				
Investments in subsidiaries		118 776	434 860	138 776
Loans to group companies		1 020 460	1 640 865	1 094 654
Investments in shares		1 522	3 044	1 522
Other receivables		13 534	19 814	18 974
Total financial fixed assets		1 154 292	2 098 583	1 253 926
Total fixed assets		1 163 480	2 313 044	1 268 055
Current assets				
Inventories		164	87	67
Receivables				
Trade receivables		3 456	4 785	6 651
Loans to group companies		109 285	149 097	146 323
Other receivables		16 889	14 243	31 120
Total receivables		129 630	168 125	184 094
Cash and bank deposits		79 201	96 384	89 101
Total current assets		208 995	264 597	273 262
Total assets		1 372 476	2 577 641	1 541 318

Balance Sheet

Boa Offshore AS

Figures in 1 000 NOK

Equity and liabilities	Note	30.06.2017	30.06.2016	31.12.2016
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	171 605	1 000 793	-48 500
Total retained earnings		171 605	1 000 793	-48 500
Total equity		251 658	1 080 846	31 552
Liabilities				
Other long term liabilities				
Bonds	5	560 060	610 060	560 060
Liabilities to subsidiaries		452 357	830 555	875 826
Total other long term liabilities		1 012 417	1 440 615	1 435 886
Current liabilities				
Trade creditors		3 427	7 807	6 397
Liabilities to group companies		53 668	26 269	33 210
Tax payable		-366	-29	0
Public duties payable		1 871	3 467	9 216
Other short term liabilities		49 800	18 667	25 057
Total short term liabilities		108 401	56 181	73 879
Total liabilities		1 120 818	1 496 796	1 509 766
Total liabilities and equity		1 372 476	2 577 641	1 541 318

Cash Flow Statement

Boa Offshore AS

Figures in 1 000 NOK

	2Q 2017	YTD 2017	2Q 2016	YTD 2016
Cash flow from operating activities				
Profit before income taxes	226 252	220 106	-150	-2 269
Income tax paid	0	-336	0	0
Depreciation and write-down	512	1 023	473	934
Gain on sale of tangible fixed assets	0	-29	0	0
Write-down of financial fixed assets	25 571	25 571	0	0
Changes in inventories	-64	-97	23	-87
Changes in trade receivables	2 366	3 194	-4 942	-1 973
Changes in other receivables	10 576	19 048	19 213	28 367
Changes in trade creditors	-3 331	-2 970	-1 765	-172
Changes in receivables from group companies	-259 715	-293 776	-8 066	332 467
Changes in other short-term liabilities	7 812	17 033	-27 152	-84 481
Net cash flow from operating activities	A	9 980	-22 365	272 788
Cash flow from investing activities				
Sale of tangible fixed assets	0	4 029	0	0
Purchase of tangible fixed assets	-32	-82	-232	-232
Sale of financial fixed assets	0	960	0	0
Purchase of financial fixed assets	-5 571	-5 571	-46 900	-63 000
Net cash flow from investing activities	B	-5 604	-47 132	-63 232
Cash flow from financing activities				
Paid in long term liabilities	0	0	-68 180	-214 662
Group contribution	0	1 997	0	2 665
Net cash flow from financing activities	C	0	-68 180	-211 997
Net changes in cash and cash equivalents	A+B+C	4 376	-9 900	-2 442
Cash and cash equivalent start at period		74 825	234 062	98 827
Cash and cash equivalents at end of period		79 201	96 384	96 384

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.

Note 2 Specification companies and segments**Consolidated - YTD 2Q 2017**

Company	Segment	Operating income	EBITDA	Cash 30.06
Boa OCV AS	OCV	138 098	22 415	14 873
Boa SBL AS	Seismic	11 938	-6 500	46 453
Boa Barges AS	Barges	79 505	35 560	60 580
Boa Barges LLC	Barges	6 196	559	95
Boa Tugs AS	Tugs	44 111	-2 142	14 713
T.A. Kittilsen Shipping AS	Tugs	15 680	1 495	6 435
NFDS Offshore 1 AS	AHTS	0	-10 542	12 892
NFDS Offshore 2 AS	AHTS	0	-8 915	24 543
Boa Offshore AS	Other	109 896	13 311	79 201
Boa PSV AS	Other	3 972	3 536	49 180
Other / elimination	Other	-99 925	47 408	6 508
Total		309 472	96 187	315 472

Note 3 Fixed assets - consolidated

	Vessels	Periodic maintenance	Equipment	Buildings and land	Sum
Acquisition cost 01.01.	4 574 471	286 777	22 958	5 847	4 890 054
Additions	3 385	6 925	-43	50	10 316
Disposals	-2 220	-8 160	0	-4 000	-14 380
Acquisition cost 30.06.	4 575 635	285 542	22 915	1 897	4 885 990
Accumulated depr. 01.01.	1 993 277	167 581	2 846	0	2 163 703
Disposals	-3 925	-2 009	0	0	-5 934
Write-down this period	470	0	0	0	470
Depreciation this period	61 793	22 349	1 203	0	85 344
Accum. depr. 30.06.	2 051 614	187 921	4 049	0	2 243 584
Book value 30.06.	2 524 021	97 621	18 866	1 897	2 642 405

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:

9 744

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	-48 500	31 553
Profit of the year	0	0	0	220 106	220 106
Equity 30.06	2 500	74 447	3 106	171 605	251 658

Consolidated

	Share capital	Share premium	Other restricted equity	Other equity	Total
Equity 01.01.	2 500	74 447	3 106	183 096	263 149
Profit of the year	0	0	0	-87 195	-87 195
Other changes	0	0	0	-4 885	-4 885
Equity 30.06.	2 500	74 447	3 106	91 017	171 069

Minority share of operating result YTD	-803
Minority share of total equity	-5 267

Note 5 Long term liabilities**Parent company**

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

	2017	2018	2019	2020	2021	→
Instalments	134 325	0	0	0	0	425 735

Consolidated

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

	2017	2018	2019	2020	2021	→
Instalments	148 448	20 472	20 104	1 873 958	34 250	1 152 835

Note 6 Consolidated income statement - summary

	2Q 2017	YTD 2017	2Q 2016	YTD 2016
Operating income	113 837	309 472	226 310	462 791
Operating expences	122 231	213 286	210 841	384 165
EBITDA	-8 394	96 187	15 469	78 627
EBITDA %	-7 %	31 %	7 %	17 %
Depreciation and write-down	42 230	85 814	272 545	319 512
EBIT	-50 624	10 372	-257 076	-240 885
Net finance	-33 067	-96 979	-57 925	-38 093
Pre tax profit	-83 691	-86 606	-315 001	-278 978
Tax	15	589	252	632
Net profit	-83 706	-87 195	-315 253	-279 610

Note 7 Interest bearing debt / equity

Key figures	30.06.17	30.06.16	31.12.16
Interest bearing debt	3 250 068	3 415 184	3 295 177
Cash and cash equivalents	315 472	513 879	363 648
Net Interest Bearing Debt (NIBD)	2 934 595	2 901 304	2 931 529
NIBD / EBITDA *	21,47	16,68	37,28
* Last four quarters			
Booked equity ratio	4,6 %	21,1 %	7,0 %
Value adjusted equity ratio	27,5 %	36,9 %	30,8 %