



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2015 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 914 439 736
Organisasjonsform: Aksjeselskap
Foretaksnavn: DEEP SEA SUPPLY SHIPOWNING II AS
Forretningsadresse: Storgaten 4
4876 GRIMSTAD

Regnskapsår

Årsregnskapets periode: 01.01.2015 - 31.12.2015

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Anders Hall Jomaas
Dato for fastsettelse av årsregnskapet: 05.08.2016

Grunnlag for avgivelse

År 2015: Årsregnskapet er elektronisk innlevert
År 2014: Tall er hentet fra elektronisk innlevert årsregnskap fra 2015

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 24.09.2019



Resultatregnskap

Beløp i: USD	Note	2015	2014
RESULTATREGNSKAP			
Inntekter			
Freight revenue	9	27 475 000	31 255 000
Other operating income		4 021 000	5 054 000
Sum inntekter		31 496 000	36 309 000
Kostnader			
Depreciation	2	14 146 000	12 797 000
Impairment	2,13	64 106 000	17 078 000
Operating expenses vessels	11	13 330 000	16 414 000
Other operating expenses	10	161 000	199 000
Sum kostnader		91 743 000	46 488 000
Driftsresultat		-60 247 000	-10 179 000
Finansinntekter og finanskostnader			
Other financial income		1 816 000	442 000
Sum finansinntekter		1 816 000	442 000
Write-down of financial assets		220 000	26 000
Annen rentekostnad		4 882 000	8 435 000
Sum finanskostnader		5 102 000	8 461 000
Netto finans		-3 286 000	-8 019 000
Ordinært resultat før skattekostnad		-63 533 000	-18 198 000
Income tax expense	8	3 000	2 000
Ordinært resultat etter skattekostnad		-63 536 000	-18 200 000
Årsresultat		-63 536 000	-18 200 000



Balanse

Beløp i: USD	Note	2015	2014
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Goodwill	13	0	9 986 000
Sum immaterielle eiendeler		0	9 986 000
Varige driftsmidler			
Vessels and newbuilding contracts	2	106 925 000	175 039 000
Sum varige driftsmidler		106 925 000	175 039 000
Finansielle anleggsmidler			
Investments in shares		3 814 000	
Sum finansielle anleggsmidler		3 814 000	
Sum anleggsmidler		110 739 000	185 025 000
Omløpsmidler			
Varer			
Inventories	3	1 638 000	1 258 000
Sum varer		1 638 000	1 258 000
Fordringer			
Trade receivables		1 075 000	947 000
Other receivables		358 000	297 000
Konsernfordringer	5	12 080 000	12 839 000
Sum fordringer		13 513 000	14 083 000
Bankinnskudd, kontanter og lignende			
Cash and bank deposits		3 487 000	595 000
Sum bankinnskudd, kontanter og lignende		3 487 000	595 000
Sum omløpsmidler		18 638 000	15 936 000
SUM EIENDELER		129 377 000	200 961 000



Balanse

Beløp i: USD	Note	2015	2014
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	6	38 000	89 275 000
Overkurs		37 591 000	
Sum innskutt egenkapital		37 629 000	89 275 000
Opptjent egenkapital			
Other equity	7	-31 936 000	-20 048 000
Sum opptjent egenkapital		-31 936 000	-20 048 000
Sum egenkapital	7,12,1 4	5 693 000	69 227 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	4	109 154 000	119 945 000
Langsiktig konserngjeld	5	278 000	245 000
Other long term liabilities	5	12 319 000	8 988 000
Sum annen langsiktig gjeld		121 751 000	129 178 000
Sum langsiktig gjeld		121 751 000	129 178 000
Kortsiktig gjeld			
Other short term liabilities		1 933 000	2 557 000
Sum kortsiktig gjeld		1 933 000	2 557 000
Sum gjeld		123 684 000	131 735 000
SUM EGENKAPITAL OG GJELD		129 377 000	200 962 000



Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 18.03.2016	Vår dato 29.03.2016
Telefon 22078139	Deres referanse Peter R. Elleson	Vår referanse 2016/247372

ADVOKATFIRMAET PRICEWATERHOUSECOOPERS AS
Postboks 447
4664 KRISTIANSAND S

PRICEWATERHOUSECOOPERS
INNKOMMET 31 MAR 2016

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 18. mars 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Deep Sea Supply Management AS	org.nr. 990 397 090
Deep Sea Supply Shipowning AS	org.nr. 986 847 839
Deep Sea Supply BTG AS	org.nr. 914 274 133
Deep Sea Supply Shipowning I AS	org.nr. 914 439 639
Deep Sea Supply Shipowning II AS	org.nr. 914 439 736
Deep Sea Supply Shipowning III AS	org.nr. 914 441 277

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Deep Sea Supply Plc er et børsnotert selskap hjemmehørende på Kypros. Selskapet er morselskap i en konsernstruktur med datterselskaper i en rekke land (Kypros, Brasil, Malaysia, Singapore og Norge). I tillegg eier selskapet 50 % i et joint venture med den brasilianske investeringsbanken BTG Pactual. Joint venture er etablert i Norge med et felles holdingselskap og underliggende skipseiende selskaper. Konsernets hovedaktivitet er å eie og drive ankerhånderings- og supplyfartøyer. Driften består av utleie av fartøyene på bareboat eller time charter. Konsernets virksomhet er verdensomspennende, med særlig fokus på Brasil, Nordsjøen, Sør-Øst-Asia og Afrika.

Deep Sea Supply Management AS og Deep Sea Supply Shipowning AS er heleid av Deep Sea Supply Plc. Joint venture med BTG Pactual består av holdingselskapet Deep Sea Supply BTG AS, som er eid 50/50 av Deep Sea Supply Plc og BTG. Dette selskapet har tre underliggende

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



heleide skipseiende datterselskaper; Deep Sea Supply Shipowning I AS, Deep Sea Supply Shipowning II AS og Deep Sea Supply Shipowning III AS.

Bransjen selskapene tilhører er internasjonal og arbeidsspråket på verdensbasis er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er eid av utenlandsk selskaper. Eierkretsen er begrenset. Videre er det vektlagt at selskapene driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk språk.



2016/247372 Side 3 av 3

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer





Directors' report 2015

Background and activities

Deep Sea Supply Shipowning II AS ("the Company") was established in 28th of October 2014. The company was merged with Deep Sea Supply Shipowning II B.V. 23rd of September 2015.

The company is domiciled in Storgaten 4 in Grimstad, Norway. The Company owned per 31.12.2015 three Anchor Handling Tug and Supply Vessels (AHTS) and two Platform Supply Vessels (PSV). The vessels have been operating in Brazil during 2015. Due to the changes in the market situation, "Sea Halibut" was laid-up in December 2015.

Financial status

Below is a summary of the financial position of the company.

Revenues and Profit

The Company's total revenues were MUSD 31.5 of which MUSD 27.5 were Freight revenues, all from Brazil.

The vessels' operating expenses were MUSD 91.7. The company's EBIT was a loss of MUSD 60.2, while total financial cost was MUSD 3.3.

Net loss before and after tax was MUSD 63.5.

Equity

The company's total equity at the end of 2015 was MUSD 5.7. The Board considers the equity size as not satisfactory and various options will be evaluated to improve the situation.

Currency

The company's net cash flow for 2015 increased by MUSD 2.9.

Going concern

The financial statements are prepared on a going concern basis.

Financial risk

Below, we will explain some key risk factors:

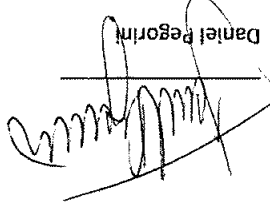
Assessment of the company's assets

The value of the company's ships could change, due long-term changes in the market (earnings) for this type of vessel, the cost of newbuilding of vessels etc. This may affect the Company's equity.

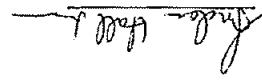


Felipe Maroni Picchetto

Daniel Pegorin

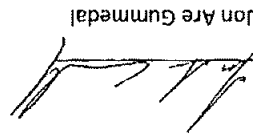


Anders Hall Jomaas

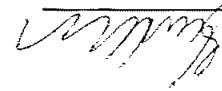


Edwyn Neves

Jon Are Gummedal



Harald Lauritz Thorstein
Chairman



Grimstad, 5th August 2016

No material events occurred after the balance sheet date.

Events after the balance sheet date

Loss after tax is of MUSD 63.5 and proposed transferred to other equity.

Allocation of profit – Deep Sea Supply Shipping II AS

The Annual report gives a fair review of the developments and the performance of the business as well as the financial position of Company.

During 2015 the Company saw a continued weakening of the global OSV markets. In Brazil, the situation remains difficult with reduced activity and foreign flagged vessels being blocked by vessels with local flag. No improvement in the market situation for OSVs is expected in the short to medium term. The contract coverage for 2016 for the Company is not satisfactory. Deep Sea Supply Shipping II AS is currently pursuing several term opportunities, however the competition is fierce and rate levels are low.

Future outlook

The company has no employees. The Board consists of men. The Board strives to gender equality.

Equality

The company has no employees. The company does not pollute the environment.

Health, safety and environment

The Company has and will have its fleet in the spot market which means uncertainty about future rate levels and thus the company's revenues and profits. The market was weak throughout 2015 and future development depends on the activity level for the oil companies.

Market risk



Directors' report 2015

Background and activities

Deep Sea Supply Shipowning II AS ("the Company") was established in 28th of October 2014. The company was merged with Deep Sea Supply Shipowning II B.V. 23rd of September 2015.

The company is domiciled in Storgaten 4 in Grimsstad, Norway. The Company owned per 31.12.2015 three Anchor Handling Tug and Supply Vessels (AHTS) and two Platform Supply Vessels (PSV). The vessels have been operating in Brazil during 2015. Due to the changes in the market situation, "Sea Halbut" was laid-up in December 2015.

Financial status

Below is a summary of the financial position of the company.

Revenues and Profit

The Company's total revenues were MUS\$ 31.5 of which MUS\$ 27.5 were Freight revenues, all from Brazil.

The vessels' operating expenses were MUS\$ 91.7. The company's EBIT was a loss of MUS\$ 60.2, while total financial cost was MUS\$ 3.3.

Net loss before and after tax was MUS\$ 63.5.

Equity

The company's total equity at the end of 2015 was MUS\$ 5.7. The Board considers the equity size as not satisfactory and various options will be evaluated to improve the situation.

Currency

The company's net cash flow for 2015 increased by MUS\$ 2.9.

Going concern

The financial statements are prepared on a going concern basis.

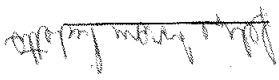
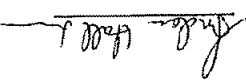
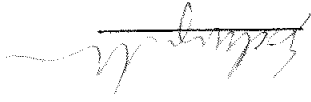
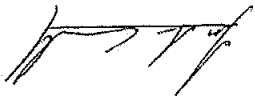
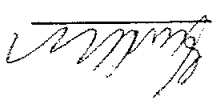
Financial risk

Below, we will explain some key risk factors:

Assessment of the company's assets

The value of the company's ships could change, due long-term changes in the market (earnings) for this type of vessel, the cost of newbuilding of vessels etc. This may affect the Company's equity.



Felipe Maroni Pichetto 	Daniel Pegorini <hr style="width: 100px; margin: 0 auto;"/>	Anders Hall Joraaas 
Edwyn Neves 	Jon Are Gummedal 	Harald Lauritz Thorstein  Chairman

Grimstad, 5th August 2016

No material events occurred after the balance sheet date.

Events after the balance sheet date

Loss after tax is of MUSD 63.5 and proposed transferred to other equity.

Allocation of profit – Deep Sea Supply Shipowning II AS

The Annual report gives a fair review of the developments and the performance of the business as well as the financial position of Company.

and rate levels are low.

Shipowning II AS is currently pursuing several term opportunities, however the competition is fierce term. The contract coverage for 2016 for the Company is not satisfactory. Deep Sea Supply with local flag. No improvement in the market situation for OSVs is expected in the short to medium situation remains difficult with reduced activity and foreign flagged vessels being blocked by vessels During 2015 the Company saw a continued weakening of the global OSV markets. In Brazil, the

Future outlook

The company has no employees. The Board consists of men. The Board strives to gender equality.

Equality

The company has no employees. The company does not pollute the environment.

Health, safety and environment

The Company has and will have its fleet in the spot market which means uncertainty about future rate levels and thus the company's revenues and profits. The market was weak throughout 2015 and future development depends on the activity level for the oil companies.

Market risk



Deep Sea Supply Shipowning II AS

INCOME STATEMENT

(Amounts in USD 1000)

	Note	2015	2014
Freight revenue	9	27 475	31 255
Other operating income		4 021	5 054
Total revenue		31 496	36 309
Operating expenses vessels	11	-13 330	-16 414
Depreciation	2	-14 146	-12 797
Impairment	2, 13	-64 106	-17 078
Other operating expenses	10	-161	-199
Total operating expenses		-91 743	-46 488
Operating profit		-60 247	-10 178
Write - down of financial assets		-220	-26
Other financial income		1 816	442
(Other) interest expenses		-4 882	-8 435
Profit before tax		-63 534	-18 197
Income tax expense	8	-3	-2
Net profit or loss for the year		-63 537	-18 199
<i>Appropriation of profit can be shown here</i>			
Dividend			
Equity		-63 537	-18 199
Total transfer		-63 537	-18 199



Deep Sea Supply Shipowning II AS

BALANCE SHEET AT 31.12.

(Amounts in USD 1000)

ASSETS	Note	2015	2014
Vessels and newbuilding contracts	2	106 925	175 039
Goodwill	13	-	9 986
Total tangible assets		106 925	185 025
Investments		3 814	-
Total financial fixed assets		3 814	-
TOTAL FIXED ASSETS		110 738	185 025
Inventories	3	1 638	1 258
Trade receivables		1 075	947
Receivables group companies	5	12 080	12 839
Other receivables		358	297
Total receivables		13 513	14 082
Cash and bank deposits		3 487	595
TOTAL CURRENT ASSETS		18 638	15 936
TOTAL ASSETS		129 376	200 961



Deep Sea Supply Shipping II AS
BALANCE SHEET AT 31.12.

(Amounts in USD 1000)

EQUITY AND LIABILITIES		Note	2015	2014
Share capital		6	38	89 275
Share premium			37 591	-
Total paid-in equity			37 629	89 275
Other equity		7	-31 936	-20 048
Total retained earnings			-31 936	-20 048
TOTAL EQUITY		7, 12, 14	5 693	69 226
Liabilities to financial institutions	4		109 154	119 945
Liabilities to group companies	5		278	245
Other long term liabilities	5		12 319	8 988
Total long term liabilities			121 750	129 178
Other short-term liabilities			1 933	2 557
Total short term liabilities			1 933	2 557
TOTAL LIABILITIES			123 683	131 734
TOTAL EQUITY AND LIABILITIES			129 376	200 961

Grimstad, August 5 th 2016

Harald Lauritz Thorstein
Chairman of the Board

Daniel Pegerini
Member of the Board

Felipe M Picchetto
Member of the Board

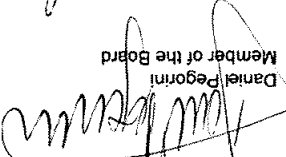
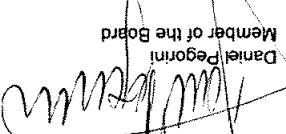
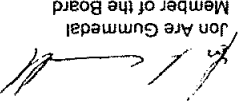
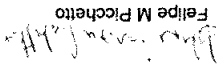
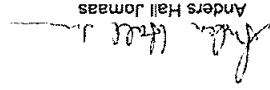

Edwyn Neves
Member of the Board

Jon Are Gummedal
Member of the Board

Anders Hall Jomaas
Member of the Board



Grimstad, August 5 th 2016

 Harald Lauritz Thorsen Chairman of the Board	 Daniel Pegorini Member of the Board	 Jon Are Gummestad Member of the Board
 Felipe M Picchetto Member of the Board	 Anders Hall Jomaas Member of the Board	 Edwyn Neves Member of the Board

EQUITY AND LIABILITIES	2015	2014	Note
Share capital	38	89 275	6
Share premium	37 591	-	
Total paid-in equity	37 629	89 275	
Other equity	-31 936	-20 048	7
Total retained earnings	-31 936	-20 048	
TOTAL EQUITY	5 693	69 226	7, 12, 14
Liabilities to financial institutions	109 154	119 945	4
Liabilities to group companies	278	245	5
Other long term liabilities	12 319	8 988	5
Total long term liabilities	121 750	129 178	
Other short-term liabilities	1 933	2 557	
Total short term liabilities	1 933	2 557	
TOTAL LIABILITIES	123 683	131 734	
TOTAL EQUITY AND LIABILITIES	129 376	200 961	

Deep Sea Supply Shipowning II AS
 BALANCE SHEET AT 31.12.

(Amounts in USD 1000)



Cash flow statement Deep Sea Supply Shipowning II AS

	2015	2014
Cash flow from operations		
Profit before income taxes	-63 534	-18 197
Depreciation	14 146	12 797
Impairment of fixed assets	64 106	17 078
Change in inventory	-380	282
Change in trade debtors	-128	2 507
Change in other provisions	2 643	-4 252
Net cash flow from operations	16 853	10 215
Cash flow from investments		
Purchase of fixed assets	-151	-151
Proceeds loans receivable group companies (short./long.t)	759	0
Proceeds from sale of shares and investments in other companies	3	0
Purchase of shares and investments in other companies	-3 814	0
Net cash flow from investments	-3 203	-151
Cash flow from financing		
Proceeds debt group companies	33	174
Proceeds from other borrowings (short./long.t)	-10 791	-12 215
Netto kontantstrømmer fra finansieringsaktiviteter	-10 758	-12 041
Net cash flow for the period	2 892	-1 977
Cash and cash equivalents at the beginning of the period	595	2 572
Cash and cash equivalents at the end of the period	3 487	595
This consist of:		
Bank deposits etc.	3 487	595



Deep Sea Supply Shipowning II AS

Notes to the accounts for 2015

Note 1 Accounting principles

Basis of preparation

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

Functional and presentation currency

The company uses USD as functional currency and presentation currency.

All amounts in these financial statements are in USD 1 000 unless otherwise stated.

Use of estimates

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

Freight revenues

Revenue derived from the charter of vessels is recognized over the charter period on a straight line basis. Charter contracts are classified as operating leases, revenue derived from charter contracts is recognized in the period over the lease term on a straight line basis. Related services are recognized as revenue in accordance with the services being rendered.

Some charter contracts include mobilization fee, which is paid at the beginning of the charter period. If the fee is to cover upgrades or equipment, the fee is booked as revenue and the relevant capital expenditure is capitalized and depreciated over the charter period on a straight line basis.

Vessels without signed contract in place at discharge have no revenue before a new contract is signed. Charter related expenses incurred for vessels in the idle time are expensed. Revenues from time charters and bareboat charters accounted for as operating leases are recognized over the rental periods of such charters, as service is performed on a straight line basis.

Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.



Deep Sea Supply Shipowning II AS

Notes to the accounts for 2015

Non-current assets and maintenance costs

Property, plant and equipment are stated at historical cost, less subsequent depreciation and impairment. For vessels purchased, these costs include expenditures that are directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis, taking residual values into consideration, and adjusted for impairment charges, if any. The carrying value of the fixed assets on the balance sheet represents the cost less accumulated depreciation and any impairment charges.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Day-to-day maintenance costs are charged to the profit or loss during the financial period in which they are incurred. The cost of major renovations and periodic maintenance of vessels are capitalized and depreciated over the useful lifetime of the parts replaced. The useful lifetime of regular vessels docking expenses will normally be the period until next docking which if it is an intermediate survey is after 30 months and if it is a special survey is after 60 months. When ships are acquired, a proportion of the acquisition cost is separated to periodic maintenance.

Depreciation on vessels and other assets (equipment) is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Vessels 30 years
- Vehicles 5 years
- Dry docking costs
 - Intermediate survey 2.5 Years
 - Special survey 5 Years
- Furniture, fittings and equipment 3 years

The assets' residual values and useful lifetime assumptions of fixed-assets are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciation charges are changed accordingly.

Relocation costs

Relocation costs, for moving a vessel from one geographical location to another when entering a new charter agreement, are capitalized as a separate component for the vessel. The component is depreciated over the charter period on a straight line basis.

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present. Reversal of previously recognized impairment is limited to the amount the carrying value of the asset would have been, had the initial impairment charge not taken place.

Inventories

Inventories are valued at the lower of purchase cost (according to the FIFO principle) and fair value.



Deep Sea Supply Shipowning II AS

Notes to the accounts for 2015

Debtors

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Other debtors, both current and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments. When the effect of a writedown is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for trade debtors.

Foreign currencies

Assets and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognised as operating income and cost of goods sold.

Liabilities

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Cash flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.



Deep Sea Supply Shipowning II AS

Notes to the accounts for 2015

Note 2 Fixed assets

	Vessels and equipment	2015
Purchase cost 01.01.		175 039
Additions		151
Disposals		-
Purchase cost 31.12.		175 190
Accumulated depreciation 31.12.		14 146
Accumulated impairment 31.12.		54 120
Net book value 31.12.		106 925
Depreciation in the year		14 146
Impairment in the year		54 120

Note 3 Inventories

	2015	2014
Bunkers	1 627	1 247
Spare parts	12	12
Total	1 638	1 258

Note 4 Finance lease liabilities

Finance lease liabilities - minimum lease payments:	2015	2014
0 - 1 year	10 827	10 791
1 - 2 years	11 089	10 827
2 - 5 years	87 237	98 327
More than 5 years	-	-
Total	109 154	119 945

The finance lease liabilities were entered into during 2007 and 2008.

	2015	2014
Liabilities secured by mortgage	109 154	119 945

Balance sheet value of assets placed as security:

Vessels	106 925	185 028
Total	106 925	185 028



Deep Sea Supply Shipowning II AS

Notes to the accounts for 2015

Note 5 Balance with group companies, etc.

	Other debtors	
	2015	2014
Group companies	6 548	10 457
Joint ventures	5 532	2 382
Total	12 080	12 839

	Other long term liabilities	
	2015	2014
Group companies	-278	-245
Joint ventures	-12 319	-8 988
Total	-12 596	-9 233

Transactions with related parties, etc.

Related parties are members of the board, management and other companies within the group.

Deep Sea Supply Servicios Maritima Ltda has charged management fee of kUSD 106 (2014: kUSD 173) to Deep Sea Supply Shipowning AS during 2015.

During 2015, the company has not hired any vessels from the group companies.

Intercompany balances are charged with an interest of Nibor/EURIBOR or Libor + 2 % margin.

The calculations are prepared in arrears, quarterly, based on the average balance for the quarter passed.

Note 6 Shareholders' equity

Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity 01.01.	89 275	-	-20 048	-	69 226
Profit for the year	-	-	-63 537	-	-63 537
Change due to merger and equity adjustments	-89 237	37 591	51 650	-	3
Equity 31.12.	38	37 591	-31 936	-	5 693

Note 7 Share capital and shareholder information

The share capital consists of 30 shares, each with a nominal value of NOK 10 539, 2 each.
All shares issued are fully paid in.

Deep Sea Supply Shipowning II AS is owned 100 % by Deep Sea Supply BTG AS. Deep Sea Supply BTG AS is located in Storgaten 4, 4876 Grimstad.



Deep Sea Supply Shipowning II AS

Notes to the accounts for 2015

Note 8 Taxes

The company entered into the Norwegian shipping tax system as of 23.9.2015.
The company does not pay tonnage tax because of the size of the vessels.

Loss from financial activities equaling kNOK 8 541 was not booked when the company entered the Norwegian shipping tax system as of 1.1.2007. As a result, the financial loss can only be set off against financial income.

Note 9 Freight revenue vessels

Geographical distribution	2015	2014
North South America	27 845	31 255
Asia	-371	-
Total	27 475	31 255

Note 10 Payroll expenses, number of employees, remunerations, loans to employees, etc.

There have been no employees in the company throughout the year.
No remuneration has been paid to Board of Directors during 2015.
No loans/sureties have been granted to the general manager, Board chairman or other related parties.

Expensed audit fee

	2015
Statutory audit (incl. technical assistance with financial statements)	3
Other assurance services	-
Tax advisory fee (incl. technical assistance with tax return)	-
Other assistance (to be specified)	-
Total audit fees	3

Note 11 Operating expenses vessels

	2015	2014
Crew expenses	7 948	5 683
Insurance	979	1 183
Repairs and maintenance, lubrication oil, stores, supplies and miscellaneous	2 720	2 778
Administration expenses	1 682	6 769
Total	13 330	16 414



Deep Sea Supply Shipowning II AS

Notes to the accounts for 2015

Note 12 Transboundary merger

The Dutch company Deep Sea Supply II B.V. was merged into the company by a transboundary merger effective from 1.1.2015.

The merger was conducted in accordance with the rules regarding tax-free transboundary mergers according to the Norwegian Private Limited Liability Companies Act § 13-25. All of the transferor companies assets and liabilities were transferred to Deep Sea Supply Shipowning II AS at the effective date of the merger.

The financial statements for the transferor company for 2014 were presented according to Dutch GAAP. There are no material variances between Dutch GAAP and NGAAP influencing the corresponding figures for 2014. Since there are no material GAAP variances between NGAAP and Dutch GAAP and there are no changes in accounting principles. As there are no differences in GAAP, no corresponding figures are presented in this note.

Note 13 Intangible assets

	Goodwill 2015
Purchase cost 01.01.	9 986
Additions	-
Disposals	-
<hr/>	
Purchase cost 31.12.	9 986
Accumulated depreciation 31.12.	-
Accumulated impairment 31.12.	9 986
<hr/>	
Net book value 31.12.	-
Depreciation in the year	-
Impairment in the year	9 986

Note 14 Events after the balance sheet date

During July/August the following events have taken place in the DESS BTG group:
On 22.07.2016 extensive amendments to the loan facilities were agreed with the banks in combination with a roll-up of the company's 50% share capital of DPC Serviços de Óleo eGás ("DPC") to Deep Sea Supply PLC group. This will make Deep Sea Supply PLC group, 100% owner of the DESS BTG AS holding company (and thus its subsidiaries). In regards to the extension of the loan facilities, the terms will be the following:

The BTG group will not pay scheduled amortizations, starting 31 May 2016 and until 31 March 2018. During this period, the banks have agreed to remove the minimum value adjusted equity ratio and value adjusted equity covenants. The minimum consolidated free cash is now set to USD 20 million and the minimum value covenant is set to 100%

The principal margins on the loans are unchanged, however the BTG group will pay a margin of 4.25% for the deferred amount of the loan facilities.

The loan facilities maturing in October 2016, will be extended until October 2018.

Ship Finance International has agreed to reduce the bareboat hire rate from June 2016 to May 2018.

The roll-up of the shares of DPC and the refinancing are both subject to standard closing conditions, including approval by the Deep Sea Supply PLC shareholders of the of the issuance of the warrants at an extraordinary general meeting and anti-trust approval. An extraordinary general meeting has been called for at 8th August 2016, and closing of the transaction (including issue of the consideration shares and warrants) is expected to take place during Q3 2016. An information memorandum with further details on the transaction will be prepared and published in accordance with the Norwegian Securities Trading Act and the Oslo Stock Exchange's Continuing Obligations."



To the Annual Shareholders' Meeting of Deep Sea Supply Shipowning II AS

Independent auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements of Deep Sea Supply Shipowning II AS, which comprise the balance sheet as at 31 December 2015, and the income statement, showing a loss of USD 63 537 245 and cash flow statement, for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Deep Sea Supply Shipowning II AS as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

PricewaterhouseCoopers AS, Gravane 26, Postboks 447, NO-4664 Kristiansand
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerelskap



Independent auditor's report - 2015 - Deep Sea Supply Shipowning II AS, page 2

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption and the proposal for coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Other Matter

This audit report replaces our previous audit report as of July 1st 2016, which was issued at the statutory deadline for holding the annual shareholders meeting. Complete annual financial statements and Board of Directors report were at this point in time not submitted by the Board of Directors and Managing Director.

Kristiansand, 8 August 2016
PricewaterhouseCoopers AS

Svein Andresen
State Authorised Public Accountant (Norway)