



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 992 035 870
Organisasjonsform: Aksjeselskap
Foretaksnavn: DEEPOCEAN SHIPPING II AS
Forretningsadresse: Karmsundgata 74
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2016 - 31.12.2016

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: Øyvind Apeland
Dato for fastsettelse av årsregnskapet: 08.06.2017

Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert
År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

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, 10.10.2019



Resultatregnskap

Beløp i: NOK	Note	2016	2015
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		9 993 943	119 378 112
Sum inntekter		9 993 943	119 378 112
Kostnader			
Varekostnad		35 951 639	71 150 762
Avskrivning av driftsmidler og immaterielle eiendeler		54 993 957	86 633 994
Annen driftskostnad		91 769	82 272
Sum kostnader		91 037 365	157 867 027
Driftsresultat		-81 043 422	-38 488 915
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		178 679	696 964
Annen finansinntekt		18 933	53 629
Sum finansinntekter		197 612	750 593
Rentekostnad til foretak i samme konsern			4 587 830
Annen rentekostnad		3 413	8 368
Annen finanskostnad		754 928	-5 711 474
Sum finanskostnader		758 341	-1 115 276
Netto finans		-560 729	1 865 869
Ordinært resultat før skattekostnad		-81 604 151	-36 623 046
Skattekostnad på ordinært resultat		-25 025	451 098
Ordinært resultat etter skattekostnad		-81 579 126	-37 074 144
Årsresultat		-81 579 126	-37 074 144
Årsresultat etter minoritetsinteresser		-81 579 126	-37 074 144
Totalresultat		-81 579 126	-37 074 144
Overføringer og disponeringer			



Resultatregnskap

Beløp i: NOK	Note	2016	2015
Utbytte		40 234 922	
Avsatt til annen egenkapital		-121 814 048	-37 074 144
Sum overføringer og disponeringer		-81 579 126	-37 074 144



Balanse

Beløp i: NOK	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Skip og flytende installasjoner		188 722 839	243 716 796
Sum varige driftsmidler		188 722 839	243 716 796
Finansielle anleggsmidler			
Lån til foretak i samme konsern			40 234 924
Sum finansielle anleggsmidler			40 234 924
Sum anleggsmidler		188 722 839	283 951 720
Omløpsmidler			
Varer			
Sum varer		2 102 940	
Fordringer			
Kundefordringer			872 930
Andre kortsiktige fordringer		486 126	18 642 583
Sum fordringer		486 126	19 515 513
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter o.l.		527 504	20 011 729
Sum bankinnskudd, kontanter og lignende		527 504	20 011 729
Sum omløpsmidler		3 116 570	39 527 242
SUM EIENDELER		191 839 408	323 478 962

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2016	2015
Aksjekapital		10 000 000	10 000 000
Sum innskutt egenkapital		10 000 000	10 000 000
Opptjent egenkapital			
Annen egenkapital		163 973 339	312 013 318
Udekket tap			26 225 930
Sum opptjent egenkapital		163 973 339	285 787 387
Sum egenkapital		173 973 339	295 787 387
Gjeld			
Langsiktig gjeld			
Utsatt skatt		915 966	1 192 664
Sum avsetninger for forpliktelser		915 966	1 192 664
Annen langsiktig gjeld			
Sum langsiktig gjeld		915 966	1 192 664
Kortsiktig gjeld			
Leverandørgjeld		15 938 727	13 923 114
Betalbar skatt		251 673	335 159
Annen kortsiktig gjeld		759 703	12 240 637
Sum kortsiktig gjeld		16 950 103	26 498 910
Sum gjeld		17 866 070	27 691 575
SUM EGENKAPITAL OG GJELD		191 839 408	323 478 962



Skattedirektoratet

MOTTATT
11 JAN. 2016

Saksbehandler Torstein Kinden Helleland	Deres dato 05.01.2016	Vår dato 07.01.2016
Telefon 22078139	Deres referanse Øyvind Apeland	Vår referanse 2012/430841

DEEPOCEAN NORWAY AS
Postboks 2144
5504 HAUGESUND

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

— Vi viser til deres brev av 5. januar 2016 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

DeepOcean Norway AS	org. nr. 896 696 262
DeepOcean AS	org. nr. 980 722 805
DeepOcean Management AS	org. nr. 987 538 880
DeepOcean Maritime AS	org. nr. 948 230 798
Deep Ocean Shipping AS	org. nr. 979 456 107
DeepOcean Shipping II AS	org. nr. 992 035 870
DeepOcean Shipping III AS	org. nr. 977 289 483
DeepOcean Shipping IV AS	org. nr. 976 854 020
DeepOcean Shipping V AS	org. nr. 914 883 164
DeepOcean Shipping VI AS	org. nr. 914 937 590
Northwest Maritime AS	org. nr. 966 250 380
DeepOcean 1 UK Ltd (norsk NUF)	org. nr. 997 914 775

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

DeepOcean Norway AS (tidligere DeepOcean Group Holding AS) er nå det norske morselskapet i DeepOcean gruppen og 100 % datterselskap av konsernspissen DeepOcean Group Holding BV. DeepOcean Group Holding BV er 100 % eid av amerikanske obligasjonsfond. Konsernet fikk i vedtak av 15. august 2012 tillatelse til å benytte engelsk språk. Konsernet er et integrert oljeservicekonsern som driver internasjonal virksomhet innen områdene Subsea Services, Subsea Trenching and Protection. Konsernet driver innen en bransje hvor engelsk benyttes i

Postadresse
Postboks 9200 Grønland
0134 Oslo

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

Sentraltbord
800 80 000
Telefaks
22 17 08 60



all kommunikasjon med forretningsforbindelser. Det interne arbeidsspråket i selskapene er også engelsk og all intern rapportering skjer på dette språket. Alle selskapene har styreleder og/eller styremedlemmer som ikke er norskspråklige. 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 selskapet er 100 % eid av amerikanske obligasjonsfond. Konsernet er tidligere innvilget dispensasjon. Det vesentlige av virksomheten foregår i utlandet. Selskapets arbeidsspråk er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.



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





To the General Meeting of DeepOcean Shipping II AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DeepOcean Shipping II AS showing a loss of NOK 81 579 126. The financial statements comprise the balance sheet as at 31 December 2016, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2016, 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.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org.no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - DeepOcean Shipping II AS

Responsibilities of The Board of Directors and the Managing Director for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

(2)



Independent Auditor's Report - DeepOcean Shipping II AS

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

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 the 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.

Stavanger, 8 June 2017
PricewaterhouseCoopers AS

Tom Notland
State Authorised Public Accountant



DeepOcean Shipping II AS
992 035 870
ANNUAL REPORT
2016

DEEPOCEAN



DeepOcean Shipping II AS

Directors Report 2016

The Company

These are the annual report and audited financial statements for DeepOcean Shipping II AS (the "Company") for the year ended 31 December 2016. The Company's office is in Haugesund, and it is an indirect subsidiary of DeepOcean Group Holding BV (the "Group"), which is a private limited Dutch company.

The Company owns the vessel MV Deep Endeavour which operates under Isle of Man flag. The vessel has been laid-up in whole 2016.

Going concern

The Financial statements have been prepared on the basis of historical cost, except for financial instruments (including derivative instruments) at fair value through profit or loss, which are stated at fair value. Income and expenses are accounted for on an accrual basis. The financial statements have been prepared on a going concern basis.

For further details reference is made to note 14.

Working environment

The Company has no employees.

Both the Board of Directors and the management are aware of the social expectations about efforts for equality between men and women in The Company and the Board. The Company's commitment is to meet society's expectations of gender equality.

The Board of Directors consists of four (4) men.

Research and development activities

The Company has no ongoing research and development projects.

Environment

The Offshore Service business includes risk of accidents that may cause environmental pollution. DeepOcean have implemented an ISO-14011 certified Environmental Management System and stringent operation and reporting routines in order to minimize the company's impact on the environment.

The Company operates a modern vessel fleet with fuel efficient systems to minimize emissions. No spills reportable to the Authorities during 2016.

Market outlook

DeepOcean is confident in the future of the industries it operates in and continues to focus on business in its heartland, in the Greater North Sea, Central America, West Africa and in other geographical areas. DeepOcean will continue its efforts and investments in projects that support its strategy and increase its operational efficiency across all business areas.

2017 will be a challenging year for the Company because of the overcapacity of equal vessels in our markets. It is likely that the vessel will be laid-up during most of 2017.



DeepOcean Shipping II AS

Currency risk

The Company's income is exposed to fluctuations in US dollar exchange rates. This is largely offset by fluctuations in operational costs that are also incurred in US dollars.

The currency risk is very limited as a consequence of lack of operating activities.

Credit risk

Credit risk arises primarily from cash and cash equivalents held at financial institutions, and to certain extent, from trade receivables.

The credit risk in the Company is very limited as a consequence of lack of operating activities.

For further details reference is made to the Balance sheet statement and Notes 2, 3, 13 and 14.

Liquidity risk

The Group's approach to managing liquidity is to ensure that there are sufficient funds to meet the financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

To ensure it is sufficient cash to meet expected operational expenses, including the servicing of financial obligations the Group continuously monitor the actual and future cash flow requirements taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of the Group's liquidity reserve, which comprises cash and cash equivalents and an undrawn credit facility.

For further details reference is made to Notes 2, 3, 13 and 14.

Cash flow

Net cash from operations in 2016 was minus NOK 19,5 million compared with NOK 74,4 million in 2015.

The Company did no investments in fixed asset in 2016 compared with NOK 9,8 million in 2015.

The net cash flow from financing activities in 2016 was zero compared with negative cash flow of NOK 51,1 million in 2015.

Financial Information

The Company's gross revenue was NOK 9.993.943 in 2016 compared with NOK 119.378.112 in 2015.

Lack of charter contract from mid January 2016 is the reason for the revenue decrease.

The vessel utilization in 2016 was zero compared with 93 % in 2015.

The equity ratio per 31.12.2016 was 90,7 % compared to 91,4 % per 31.12.2015.

The total capital was NOK 191.839.408 at the end of 2016, compared to NOK 323.478.962 at the end of 2015.

Booked value of MV Deep Endeavour is 189 MNOK. The fair value calculation of the vessel shows a higher value than the book value pr 31.12.2016.



DeepOcean Shipping II AS

Net loss and Disposals

The Board of Directors proposes that the loss of NOK 81.579.126 is treated as follows:

Transferred from paid in capital	NOK 148.039.979
Transferred to uncovered loss	NOK 26.255.931
Additional dividend	<u>NOK 40.234.922</u>
Total transfer	<u>NOK 81.579.126</u>

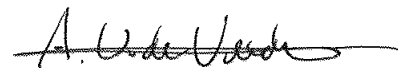
Haugesund, 8.June 2016

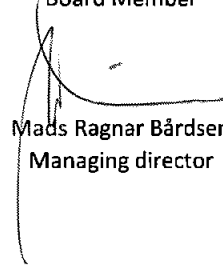
The Board for DeepOcean Shipping II AS


Bart Heijermans
Chairman of the Board


Ottar Mæland
Board Member


Kjetil Ramstad
Board Member


Albertus Wilhelmus De Vreede
Board Member


Mads Ragnar Bårdsen
Managing director



DeepOcean Shipping II AS

Income statement			
Note	2016	2015	
Operating revenues and expenses			
3,7	Sales revenues	9 993 943	119 378 112
	Gross operating revenues	9 993 943	119 378 112
3	Project costs	35 951 639	71 150 762
1	Ordinary depreciation	54 993 957	86 633 994
	Write-down fixed assets	0	0
3,8	Other operating costs	91 826	82 272
	Operating expenses	91 037 422	157 867 027
	Operating result	-81 043 479	-38 488 915
Finance income and expenses			
3	Interest income from group companies	178 679	696 964
	Interest income	18 933	53 629
3	Interest expenses to group companies	0	-4 587 830
9	Net foreign exchange gain/loss	-754 871	5 711 474
	Other interest expenses	-3 413	-8 368
	Net financial items	-560 672	1 865 869
	Profit/(loss) before tax	-81 604 151	-36 623 046
6	Tax	-25 025	451 098
	Net profit/(loss)	-81 579 126	-37 074 144
	Transfer from paid in capital	148 039 979	10 848 213
	Transfer to uncovered loss	-26 225 931	26 225 931
	Additional dividend	-40 234 922	
4	Allocations	81 579 126	37 074 144



DeepOcean Shipping II AS

Balance Sheet

Note	ASSETS	31.12.2016	31.12.2015
	Fixed assets		
1	Vessels	188 722 839	243 716 796
	Total tangible fixed assets	188 722 839	243 716 796
	Financial fixed assets		
3	Loan to group companies	0	40 234 924
	Total financial fixed assets	0	40 234 924
	Total fixed assets	188 722 839	283 951 720
	Current assets		
12	Inventories	2 102 940	0
	Total inventories	2 102 940	0
	Receivables		
	Accounts receivables	0	0
3	Receivables from group companies	0	7 836 957
	Other current assets	486 126	11 678 555
	Total receivables	486 126	19 515 513
10	Bank and cash	527 504	20 011 729
	Total current assets	3 116 570	39 527 242
	TOTAL ASSETS	191 839 408	323 478 962



DeepOcean Shipping II AS

Note	EQUITY AND LIABILITIES	31.12.2016	31.12.2015
	Equity		
5	Share capital	10 000 000	10 000 000
	Other paid-in capital	163 973 339	312 013 318
	Total paid-in-capital	173 973 339	322 013 318
	Uncovered loss	0	-26 225 931
	Total retained earnings	0	-26 225 931
4	Total equity	173 973 339	295 787 387
	Liabilities		
	Non-current liabilities		
6	Deferred tax	915 966	1 192 664
	Total non-current liabilities	915 966	1 192 664
	Current liabilities		
	Accounts payable	4 655 585	1 812 292
6	Tax payable	251 673	335 159
3	Liabilities to group companies	11 283 142	12 110 822
	Other current liabilities	759 703	12 240 637
	Total current liabilities	16 950 103	26 498 911
	Total liabilities	17 866 070	27 691 575
	TOTAL EQUITY AND LIABILITIES	191 839 408	323 478 962

Haugesund, 8. June 2017

Bart Heijermans
Chairman of the BoardOttar Mæland
Board MemberKjetil Ramstad
Board MemberAlbertus Wilhelmus De Vreede
Board MemberMads R. Bårdsen
Managing Director



DeepOcean Shipping II AS

Cash flow statement

NOTE	Cash flow from operations	2016	2015
	Net profit/loss	-81 579 126	-36 999 603
1	Depreciation fixed assets	54 993 957	86 633 994
	Write down fixed assets	0	0
	Changes in Trade debtors	0	9 241 871
	Changes in Trade creditors	2 843 293	-113 610
3	Changes in intercompany receivables & payables	45 249	6 802 475
6	Changes in Deferred and Payable Taxes	-360 184	-572 481
	Changes in Inventories	-2 102 940	0
	Changes in Other Operating Provisions	6 675 525	9 402 548
	Net cash flow from operations	-19 484 226	74 395 194
Cash flow from investments			
1	Capital expenditures	0	-9 806 750
	Net cash flow from investments	0	-9 806 750
Cash flow from financing			
	Paid dividend	-40 234 922	0
3	Net IC loans	40 234 922	-51 093 576
	Net cash flow from financing	0	-51 093 576
	Net change in cash and cash equivalents	-19 484 226	13 494 860
	Cash and cash equivalents at the beginning of the period	20 011 729	6 516 870
	Cash and cash equivalents at the end of the period	527 503	20 011 730



DeepOcean Shipping II AS

Accounting principles

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

The Company has been given consent by the Norwegian Tax Directorate to prepare financial statements in English language.

DeepOcean Shipping II AS is a subsidiary of DeepOcean AS with DeepOcean Group Holding BV as the ultimate parent.

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 requires 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.

Revenues

The Company's revenue in 2016 comes from a time-charter agreement with the Brazilian company Petrobras terminated end of January 2016. The rest of the year the vessel did not have any contract and have been laid-up.

Classification of balance sheet items

Assets intended for long term ownership or use has been classified as long term 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.

Purchase costs

The purchase cost of assets includes the cost price for the asset, adjusted for bonuses, discounts and other rebates received. Purchases in foreign currencies are reflected in the income statement at the exchange rate at the transaction date.

For fixed assets purchase cost also includes direct expenses to prepare the asset for use, such as expenses for testing of the asset.

Vessels

Vessels are reflected in the balance sheet and depreciated to residual value over the vessel's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of a vessel is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the vessel's cost price and depreciated together with the vessel. The split between maintenance and additions/improvements is calculated in proportion to the vessel's condition at the purchase date.

Vessel impairments

Impairment tests are carried out if there is indication that the carrying amount of a vessel exceeds the estimated recoverable amount. The test is performed on the lowest level of which independent cash-flows 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 vessel is written down to the highest of fair value less cost to sell and the recoverable amount.

Previous impairment charges are reversed in later periods if the conditions causing the write-down are no longer present.

Inventories

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



DeepOcean Shipping II AS

Accounting principles

Debtors

Trade debtors are recognized in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor.

Other debtors, both current and long term, are recognized at the lower of nominal and net realizable value. Net realizable value is the present value of estimated future payments. When the effect of a write-down 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

The Company's functional currency is USD.

Financial assets and liabilities in foreign currencies are valued to NOK at the exchange rate on the balance sheet date. Exchange gains and losses relating to sales and purchases in foreign currencies are recognized as financial income or expenses.

The NOK value of vessels is based on the exchange rate on the purchase date.

Liabilities

Liabilities are recognized in the balance sheet at nominal amount.

Taxes

The company entered the Norwegian Tonnage Tax Regime 1 January 2007 and is taxed according to the Taxation legislation §8-10. This implies that the company is taxed for financial gains and calculated gain when entering the Tonnage Tax arrangement.

Deferred tax is reflected at nominal value.

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.



DeepOcean Shipping II AS

Notes to the financial statements

Note 1 Fixed Assets

Fixed Assets	Deep Endeavour		Total
	Vessel	Docking	
Purchase cost 01.01	529 912 940	56 237 867	586 150 807
Additions	0	0	0
Disposals			0
Purchase cost 31.12	529 912 940	56 237 867	586 150 807
Accumulated depreciation 01.01	-316 757 197	-25 676 814	-342 434 011
Disposals			0
Depreciation this year	-39 725 381	-15 268 577	-54 993 957
Accumulated depreciation 31.12	-356 482 578	-40 945 390	-397 427 969
Book value 31.12	173 430 362	15 292 477	188 722 839
Depreciation this year	-39 725 381	-15 268 577	-54 993 957

Economic useful life

Vessel	5 - 20 years
Docking and other	3-5 years
Depreciation plan	Linear

In the reporting period there were indications that the carrying amount of the vessel might exceed the estimated recoverable amount (the higher of its value in use and fair value less costs to sell), the possible existence of an impairment loss was investigated.

Two independent valuations of the Company's vessel were performed by external experts to determine the fair value of the vessel at the reporting date. The uncertainty in the appraised values was high, resulting in a bigger spread between the two valuations performed.

Management therefore determined the recoverable amount of the vessel by assessing the value in use, using a discounted cash-flow model. In determining the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 9% that reflects current market interest rates and the risks specific to the asset. The estimated future cash flows are based on the approved 2017 budget and a long term forecast planning covering the period 2018-2021 for owned vessels and mission equipment, and include a 1% growth rate.

The recoverable amount of Deep Endeavour was higher than the book value and no impairment has been expensed in profit and loss.

Note 2 Assets and liabilities

The Company has no long-term liabilities later than 5 years.

All assets in the subsidiaries in DeepOcean Group are pledged as security for the external debt. Further reference is made to note 14 for more details regarding Group financing.



DeepOcean Shipping II AS

Notes to the financial statements

Note 3 Transactions and balances with group companies

Related party transactions:

The Company entered into transactions with group companies, as summarised below.

Expenses	2016	2015
Equipment hire	0	8 162 953
Personnel charges	7 515 365	20 901 235
Management fee	957 681	7 261 335
Other costs	1 528 728	4 700 739
Total	10 001 774	41 026 262

Financial items	2016	2015
Interest income	178 679	696 964
Interest costs	0	-4 587 830
Net financial items	178 679	-3 890 866

Balance sheet	2016	2015
Loans to group companies	0	40 234 924
Group contributions to/from group companies	0	0
Short term Receivables group companies	0	7 836 957
Short term Payables group companies	-11 283 142	-12 110 822
Total	-11 283 141	35 961 059

Repayment plans for Intercompany loans are signed.

Note 4 Equity

Change in equity	Share Capital	Other paid in capital	Uncovered loss	Total
Equity 01.01	10 000 000	312 013 318	-26 225 931	295 787 387
				0
Profit (loss) this year	0	-148 039 979	66 460 853	-81 579 126
Additional dividend			-40 234 922	-40 234 922
Equity 31.12	10 000 000	163 973 339	0	173 973 339

Note 5 Share Capital and shareholder information

The Share Capital of NOK 10.000.000 comprises 10.000 shares with par value NOK 1.000 each. All shares have equal rights.

Shareholders	Shares	Total	Share
DeepOcean AS	10 000	10 000	100 %



DeepOcean Shipping II AS

Notes to the financial statements

Note 6 Taxes

The company entered the Norwegian Tonnage Tax Regime 1 January 2007, and will be taxed according to the Taxation legislation §8-10. This implies that the company is taxed for financial gains and calculated gain when entering the Tonnage Tax arrangement.

	2016	2015
Financial income	197 612	750 593
Taxable foreign exchange gains	-121 406	2 057 958
Income increase for high equity	725 842	72 670
Calculated deductible interests	-541	-1 656 102
Total financial income (loss)	801 507	1 225 119
Interest expenses restrictions		
Net taxable income	801 507	1 225 119
Financial loss carry forward 1.Jan	-15 170 037	-16 395 156
Financial income (loss) current year	801 507	1 225 119
Financial loss carry forward 31.Dec	-14 368 530	-15 170 037
Calculated deferred tax/ deferred tax asset	3 448 447	3 792 509
Deferred tax asset not recorded	-3 448 447	-3 792 509
Deferred tax / deferred tax asset	0	0
Gain and loss account 1.1.	4 770 659	5 963 323
Current year taxable income (20%)	-954 132	-1 192 665
Gain and loss account 31.12.	3 816 527	4 770 659
Payable taxes, long term nominal tax rate	915 966	1 192 665

	2016	2015
Current year payable taxes:		
Taxable financial income current year	0	0
Current year taxable income from gain and loss account (20%)	954 132	1 192 665
Basis payable taxes	954 132	1 192 665
Payable taxes	238 533	322 019
Current year tonnage tax	13 140	13 140
Tax provision regarding previous years	-	-
Payable taxes in balance sheet	251 673	335 159

	2016	2015
Tax expense		
Payable tax on financial income and gain and loss account	238 533	322 019
Tonnage tax	13 140	13 140
Change in taxes prior year	-	533 373
Change in long-term payable taxes	-276 698	-417 432
Total tax expense	-25 025	451 100

Note 7 Sales revenues

Segments	2016	2015
Time charter vessels	9 993 943	119 378 112
Total	9 993 943	119 378 112

Geographical segments	2016	2015
Brazil	9 993 943	119 378 112
Total	9 993 943	119 378 112



DeepOcean Shipping II AS

Notes to the financial statements

Note 8 Payroll expenses, employees, remuneration, loans to employees, etc.

Auditor	2016	2015
Allocation of auditor fee:		
Statutory audit excl VAT	66 000	58 386
Other assurance services excl VAT	16 500	
Total fee auditor excl VAT	82 500	58 386

The Company has no employees and therefore no pension schemes to meet the requirements of the law on compulsory occupational pension.

There have been no salary or considerations to a general manager, board members or other related parties. No loans/securities have been granted to the general manager, board members or other related parties.

Note 9 Specification of financial income and expenses

Foreign exchange gains and losses	2016	2015
Foreign exchange gains	484 155	23 626 401
Foreign exchange losses	-1 239 026	-17 914 927
Net financial gains and losses	-754 871	5 711 474

Note 10 Restricted cash

The Company has no restricted cash as of 31.12.16.

Note 11 Group information

The Company is a subsidiary of DeepOcean AS. The ultimate parent company and ultimate controlling party is DeepOcean Group Holding BV. The smallest and largest group for which group financials are prepared is DeepOcean Group Holding BV, Herengracht 433, 1017 BR Amsterdam, The Netherlands.

Note 12 Inventories

Inventories consist of fuel to be consumed in the rendering of services. Fuel is measured at the lower of costs and net realizable value. The cost is based on the First-in-First-out (FIFO) principle.

	2016	2015
Fuel on own vessels	2 102 940	0



DeepOcean Shipping II AS

Notes to the financial statements

Note 13 Financial risk management

Overview

The Group's activities expose it to a variety of financial risks, which can be categorised as market risk, credit risk and liquidity risk. Whereas market risk includes foreign exchange risks and interest rate risks. Management policies have been established to identify, analyse and monitor these risks, and to set appropriate risk limits and controls. Financial risk management is carried out in accordance with the Group Risk Management policy approved by the Executive Management. The written principles and policies are reviewed periodically to reflect changes in market conditions, the activities of the business and laws and regulations affecting our business.

Market risk - Foreign exchange risk

The Company operates internationally and conducts its business in multiple currencies, and is primarily exposed to foreign exchange risks with respect to the US Dollar (USD), British Pound (GBP) and Euro (EUR).

Management has evaluated the foreign exchange risks of the Company against its functional currency US Dollars (USD). Cash inflows and outflows of the Company are offset if they are denominated in the same currency. This means that revenue generated in a particular currency typically balances out costs in the same currency, even if the revenues arise from a different transaction than that in which the costs are incurred. As a result, only the unmatched amounts are subject to foreign exchange risk.

Market risk - Interest rate risk profile

The Company's interest rate risk arises primarily from the Intercompany loans; refer to note 3 for details of the loans. The Company has no intercompany loans per 31.12.2016, and the interest rate risk is low.

Credit risk

Credit risk arises primarily from cash and cash equivalents held at financial institutions, and to a certain extent, from trade receivables.

Cash balances are only held with large recognised financial institutions.

The Company's vessel has been coldstacked in 11 months in 2017, and has no trade receivables. The credit risk is therefore very low.

Liquidity risk

The Group's approach to managing liquidity is to ensure that there are sufficient funds to meet the financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

To ensure it is sufficient cash to meet expected operational expenses, including the servicing of financial obligations the Group continuously monitor the actual and future cash flow requirements taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of the Group's liquidity reserve, which comprises cash and cash equivalents and an undrawn credit facility.



DeepOcean Shipping II AS

Notes to the financial statements

Note 14 Group financing

On 27 February 2013 DeepOcean Group secured a Credit Facility. Subsequently on 6 November 2013 and 16 December 2015 an amendment to this Credit Facility was signed to better fit with our business activities. The amended Credit Facility of EUR 155 million, consists of a EUR 80.0 million revolving loan facility (the 'Facility A'), a EUR 45.0 million ancillary facility for performance guarantees (the 'Facility C'), and a EUR 30.0 million term loan facility (the 'Facility B'). The purpose of the Credit Facility is to finance our working capital, a part of our capital expenditures and for general corporate purposes. In addition, there is an option to exercise a EUR 20.0 million accordion facility to the Facility A.

As of 10 January 2017 the contractual terms of the Group's Credit Facility have been revised and the main changes are summarized as follows: a) Amortization profile amended with reduced amortizations until end of February 2018 b) Maturity of Credit Facility is extended to February 2021.

The Company is a subsidiary in DeepOcean Group and is impacted by the Group's financing and intercompany loans and borrowings.

The Company is an obligor in the Credit Facility arrangement and all assets are pledged.

Note 15 Basis for preparation

On 31 December 2016 DeepOcean Group received a capital contribution, in exchange for shares, from its new shareholder Tricer NL Bidco 4 B.V, for the amount of USD 75.0 million.

The capital contribution has significantly deleveraged the Group and puts the Group in a solid financial position to take advantage of the current downturn in the markets.

The Financial statements have been prepared on the basis of historical cost, except for financial instruments (including derivative instruments) at fair value through profit or loss, which are stated at fair value. Income and expenses are accounted for on an accrual basis. The financial statements have been prepared on a going concern basis.