CEONA Ship 1 Limited

Registration number: 08447952

Financial Statements for the period from 15 March 2013 to 31 December 2013

COMPANY INFORMATION

Registered office	3 Shortlands Hammersmith London W6 8DA
Company number	08447952
The Board of directors	Mr. Stephen Preston Mr. Stuart Cameron Mr. Michael De-Rhune Mr. Johan Rasmussen
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Parent company	Ceona Investments Limited
Parent company of Group	Ceona Holding Ltd Ogier House St Julian's Avenue St Peter Port Guernsey GY1 1WA
Ultimate parent company	Troll Coöperatieve U.A.

CONTENTS

DIRECTORS' REPORT

Registered number: 08447952

The directors present their first report and the audited financial statements of Ceona Ship 1 Limited (the 'Company') for the period from incorporation on 15 March 2013 to 31 December 2013. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The Company is a limited liability company incorporated in England and Wales.

The address of the registered office and the principal place of business are given on the Company Information page.

Principal activities and review of the business

The principal activity of the Company is to build and operate a new flagship offshore construction vessel, the Ceona Amazon, for the purpose of chartering the vessel to be used in offshore construction projects. The Ceona Amazon is planned to be operational in early 2015. The vessel will be equipped with a multifunction rigid and flexible lay system currently under construction. The vessel also has heavy lift capabilities as well as a large storage capacity for the laying of pipe. The Company primarily serves the needs of its group parent company, Ceona Holding Ltd and its subsidiaries (the 'Ceona Group'), whose principal activities are to provide subsea construction services to the oil and gas industry.

Future developments

The Company recognises the need to stay abreast of developments in pipe-lay technology. The primary technology focus has been the validation and certification of innovative pipe-lay installation system. The Company has developed and is refining a unique model of the Ceona Amazon pipe-lay system to accurately predict the behaviour of pipe as it is being produced and laid. The Company is also looking at understanding the behaviour of corrosion resistant alloy lined pipelines and developing solutions for electrically trace heated pipelines. Research and development efforts are aimed at supporting clients with their current and future challenges.

Principal risks and uncertainties

The Company is currently in the process of building the Ceona Amazon vessel which is to be fitted with a multi-lay system capable of laying rigid and flexible pipe. The Company is funding the build programme through equity injections from its parent and on 14 January 2014 the Company signed new debt facilities to enable it to complete the build. The Company's function as a ship owning entity for the Ceona Group means that it is dependent for its revenues upon its own performance (and that of other group entities) in the offshore oil and gas industry in various countries with subsea hydrocarbon reserves. The subsea services sector is subject to a number of commercial, contractual and operational risks.

The financial statements are prepared on a going concern basis because the intermediate parent company, Ceona Investments Limited, has undertaken to continue to provide financial support so that the Company is able to pay its debts as and when they fall due for at least 12 months from the approval of these accounts.

Principal risks and uncertainties (continued)

The risks that the Company is exposed to are managed at a group level and the nature of the risk and the risk management principles applied are disclosed in the consolidated financial statements of the group parent company, Ceona Holding Ltd, a company registered in Guernsey. The consolidated financial statements are publicly available at the address disclosed on the Company information page.

Financial instruments risk

The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. These risks are managed at a group level and the nature of the risk and risk management principles applied are disclosed in the consolidated financial statements of the group parent company Ceona Holding Ltd.

Directors

The directors' of the Company who were appointed to office on 15 March 2013 and served throughout the period, and to the date of signing this report, except as noted below, were:

Mr. Stephen Preston
Mr. Stuart Cameron
Mr. Stuart Jackson (appointed 15 March 2013, resigned 20 August 2013)
Mr. Michael De-Rhune (appointed 1 September 2013)
Mr. Johan Rasmussen

Share issue

The Company issued three ordinary shares at a par value of US$1 during the period for cash consideration of US$ 117.9 million.

Results and dividends

The loss for the period amounted to $18,000 and has been transferred to reserves. The directors do not recommend the payment of a dividend.

Independent auditor

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the directors,

Stephen Preston
30 June 2014
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with Section 418, each director in office at the date the directors' report is approved confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CEONA SHIP 1 LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Ceona Ship 1 Limited, comprise:

- the balance sheet as at 31 December 2013;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CEONA SHIP 1 LIMITED (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Kevin McGhee

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 June 2014

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2013

	Note	Period 15 March 2013 to 31 December 2013 US$'000
Continuing Operations		
Administrative expenses		(17)
Other income		-
Operating loss	4	**(17)**
Other losses	7	(6)
Loss before income tax		**(23)**
Taxation	8	5
Loss for the period and total comprehensive loss		**(18)**

There is no material difference between the loss for the period as shown in the statement of comprehensive income and its historical cost equivalent.

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	2013 US$'000
ASSETS		
Fixed assets		
Vessel new build	9	79,237
Specialised equipment	9	56,226
Deferred charges		3,336
		138,799
Current assets		
Debtors	10	200
Cash on hand and at bank		804
		1,004
Total Assets		**139,803**
EQUITY		
Share capital	12	*
Share premium	12	117,908
Retained loss		(18)
Total Equity		**117,890**
LIABILITIES		
Current liabilities		
Creditors: Amounts falling due within one year	11	21,913
Total Equity and Liabilities		**139,803**

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2014. They were signed on the directors' behalf by:

Michael De-Rhune
Director

Ceona Ship 1 Limited – registered number 08447952

The accompanying notes form an integral part of these financial statements.

*Represents US$3

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2013

	Share Capital US$'000	Share premium US$'000	Retained Profit US$'000	Total US$'000
Issued share capital	*	-	-	-
Premium on issue of share capital	-	117,908	-	117,908
Loss for the period	-	-	(18)	(18)
At 31 December 2013	*	**117,908**	**(18)**	**117,890**

*Represents US$3

1. General Information

The Company is a limited liability company incorporated in England and Wales and domiciled in the United Kingdom.

The address of the registered office and the principal place of business are given on the Company Information page.

The Company was incorporated on 15th March 2013. The principal activity of the Company is to build and operate a new flagship offshore construction vessel, the Ceona Amazon, for the purpose of chartering the vessel to be used in offshore construction projects. The Ceona Amazon is planned to be operational in early 2015. The vessel will be equipped with a multifunction rigid and flexible lay system currently under construction. The vessel also has heavy lift capabilities as well as a large storage capacity for the laying of pipe. The Company primarily serves the needs of its group parent company, Ceona Holding Ltd and its subsidiaries, whose principal activities are to provide subsea construction services to the oil and gas industry.

2. Basis of accounting

Presentation of financial statements

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. The Company has early adopted FRS 101. The Company Information page gives details of the Company's group parent company and from where its' consolidated financial statements prepared in accordance with IFRS may be obtained.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  (iii) paragraph 118(e) of IAS 38 Intangible assets.
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;

Presentation of financial statements (continued)

- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The financial statements are presented in United States Dollars (USD, US$) because that is the currency of the primary economic environment in which the Company operates.

The principal accounting policies applied in the preparation of these financial statements are set out in note 3.

3. Summary of principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Vessel and specialised equipment under construction

Vessel and specialised equipment under construction are stated at cost, less any recognised impairment loss. Historical cost includes expenditure that is directly attributable to the construction of the items. Depreciation commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost amounts less their residual values over their estimated useful lives, as follows:

Vessel	25 years
Specialised equipment	10-15 years

The asset's residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Impairment of non-financial asset

An asset is reviewed for impairment whenever there is any indication that this asset may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of the impairment loss for an asset is recognised in the profit or loss in the period in which the reversal of impairment had occurred.

Currency translation

The financial statements are presented in United States Dollars ("US$"), which is the functional currency of the Company.

Transactions in a currency other than US$ ("foreign currency") are translated into US$ using the exchange rates at the dates of transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Foreign exchange gains and losses impacting profit or loss are presented within 'other gains / (losses) - net'.

Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Income taxes (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Trade and other creditors

Trade and other creditors represent unpaid liabilities for goods and services provided to the Company prior to the end of financial period. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other creditors are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method.

Cash in hand and at bank

Cash in hand and at bank comprise cash at bank, cash in hand and short term highly liquid assets with an original maturity of three months or less and readily convertible into known amounts of cash.

Restricted cash

Restricted cash balances comprise funds held in a separate bank account which will be used as security under facility agreements entered into by the Company. Cash balances subject to restrictions that expire after more than 12 months are classified as non-current asset.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and details of its financial instruments are described in the director's report. These financial statements are prepared on a going concern basis because the parent company, Ceona Investments Limited, has undertaken to provide continuing financial support so that the Company is able to pay its debts as and when they fall due for at least 12 months from the approval of these accounts.

4. Operating loss

Operating loss is stated after charging:

	2013
	US$'000
Auditor's remuneration	16

5. Staff costs

The Company does not have any employees. The Company contracts labour and personnel from its affiliated group companies and externally for managing its operations.

6. Director's emoluments

The emoluments of the directors are paid by an affiliated company within the group of companies of which Ceona Ship 1 Limited is a member. No recharge is made for their services by Ceona Ship 1 Limited or any other group company.

7. Other losses

	2013
	US$'000
Foreign exchange loss - net	6

8. Income tax

Income tax expense

	2013
	US$'000
Current income tax credit	5

Factors affecting the tax credit
The Company's tax credit is determined by applying the statutory rate to the loss before tax and has been reconciled to a tax rate of 23% as follows:

	2013
	US$'000
Loss before tax	(23)
Expected tax credit calculated at tax rate of 23%	5
Tax credit	**5**

The Finance Act 2012 included legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013. Further reductions to 21% (effective 1 April 2014) and 20% (effective 1 April 2015) were enacted in the Finance Act 2013 which received Royal Assent on 17 July 2013.

8. Income tax (continued)

There is no deferred tax arising in relation to the Company's balance sheet fixed assets as they have not yet been brought in to use.

9. Vessel and specialised equipment under construction

	Vessel under construction	Specialised equipment under construction	Total
	US$'000	**US$'000**	**US$'000**
Cost			
Additions	79,237	56,226	135,463
At 31 December 2013	**79,237**	**56,226**	**135,463**
Accumulated depreciation			
Depreciation charge	-	-	-
At 31 December 2013	-	-	-
Net book value			
At 31 December 2013	**79,237**	**56,226**	**135,463**

The Ceona Amazon vessel and the specialised equipment to be installed on the vessel are under construction and expected to be operational in early 2015.

10. Debtors

	2013
	US$'000
Amounts due from group companies	35
VAT receivable	165
	200

11. Creditors: Amounts falling due within one year

	2013
	US$'000
Trade payables	13,275
Amounts due to group undertakings	7,619
Accrued expenses	1,019
	21,913

12. Called up share capital

The authorised share capital of the Company is three ordinary shares with a par value of US$1 each.

Allotted, issued and fully paid	Number of shares	Total value of shares US$
3 ordinary shares at par value US$1	3	3
		3

On incorporation the Company issued one ordinary share with a nominal value of US$1.

On 30 September 2013, the Company issued one ordinary share for a consideration of US$73,692,350.

On 30 November 2013 the Company issued one ordinary share for a consideration of US$44,215,531.

The difference between the nominal values of the shares issued and the cash consideration of US$117,907,878 was credited to share premium reserve.

The ordinary shares issued carry a right to vote at general meetings and an entitlement to dividends.

13. Related parties

In accordance with FRS 101, transactions with other group companies have not been disclosed. The Company purchased US$ nil of engineering and consultancy services from a related company at terms agreed between the parties. Sales and purchases of goods and services are based on terms that would be available to third parties.

14. Ultimate group undertaking

The Company's parent undertaking is Ceona Investments Limited. The Troll Management B.V. consolidated financial statements are the largest consolidated financial statements in which the results of the Company are included. Ceona Holding Ltd consolidated financial statements are the smallest consolidated financial statements in which the results of the Company are included. The Company's ultimate holding company and controlling party at 31 December 2013 was Troll Cooperatieve U.A., a cooperative incorporated in the Netherlands.

15. Post balance sheet events

On 14 January 2014 Ceona Equipment Limited and Ceona Ship 1 Limited as borrowers; Ceona Holding Ltd as parent guarantor; and Ceona Services (UK) Limited, Ceona Investments Limited, Ceona Chartering (UK) Limited, Ceona Contracting (UK) Limited and Ceona Ship Holdings Limited as obligors, entered into a US$ 290 million secured credit and guarantee facility with a group of banks. The credit facility of US$ 240 million is being used for the construction of the Polar Onyx vertical lay system ("VLS") and the Ceona Amazon construction project with post-delivery maturities of seven and twelve years respectively. Interest is being charged at LIBOR plus a margin for the tranches covering the Polar Onyx VLS and a combination of CIRR and LIBOR plus margins for the tranches covering the Ceona Amazon construction project. For parts of the tranches not paying interest on a CIRR basis, the borrowers have entered into interest rate swaps whereby the companies are paying fixed interest and receiving 3 months LIBOR. The US$ 50 million guarantee facility is available for the issuance of performance guarantees for the Ceona Group.