



Sea Production Ltd. Financial Information Fourth Quarter 2015

Background

This financial information has been prepared in accordance with International Financial Reporting Standards.

General Information

Sea Production Ltd. and its subsidiaries own and operate two floating, production, storage and off-loading (“FPSO”) vessels.

Financial Statements

Income Statement

(Fourth quarter 2014 figures in brackets)

The Group’s revenue in the quarter was US\$3.2 million (US\$4.7 million), with EBITDA of US\$2.1 million (US\$2.5 million).

All charter revenues relate to Crystal Ocean. Front Puffin was in Keppel Shipyard in Singapore undergoing refurbishment and upgrade work in preparation for its new contract.

Operating expenses for the quarter amounted to US\$0.2 million (US\$0.9 million) and administrative expenses for the period were US\$0.9 million (US\$1.3 million).

Total depreciation for the quarter was US\$3.8 million (US\$3.7 million). The Group’s vessels are depreciated on a straight-line basis over their economically useful lives, taking into account their estimated residual value. Assessment of the remaining economic life of the assets is done on a yearly basis. Capital costs incurred in relation to a specific contract are depreciated over the expected life of the relevant contract. At the end of the contract any remaining balance is written-off.

Net financing charges for the period were US\$8.0 million (US\$4.4 million). Interest expense on the outstanding US\$ bonds was US\$8.1 million (US\$3.0 million).

The net result for the quarter was a loss of US\$10.1 million (loss of US\$8.6 million).

Balance Sheet

Current assets as at 31 December 2015 were US\$11.7 million (US\$22.9 million) and non-current assets were US\$157.2 million (US\$137.6 million). The Company has a 5 year callable bond loan with a nominal value of US\$104.8 million outstanding as at 31 December 2015 and a final maturity of 14 March 2016. The Company had no other borrowings at the end of the quarter. The Company’s equity as at 31 December 2015 was US\$1.7 million negative (US\$34.3 million).

Group Update Fourth Quarter 2015

Crystal Ocean continued its charter with Blue Marine.

As referred to above, Front Puffin has been in the shipyard in advance of deployment on contract with Folawiyo Aje Services Limited (FASL) for operations at the Aje Field, offshore Nigeria.

Recent Events

The refurbishment and upgrade works on Front Puffin were completed in January 2016, when the vessel left Keppel Shipyard and departed Singapore for Nigeria. The vessel arrived at the Aje Field, offshore Nigeria on 16 March 2016. Thereafter, the vessel was hooked-up to the pre-installed STP buoy and preparations made for the first introduction of hydrocarbons, which was achieved on 3 May 2016. Activities are now focused on preparing for a 72 hour production test, which is expected to be conducted in the coming days. Following successful completion of the test, the vessel will be on hire to FASL.

Board of Directors, May 2015

Important Information:

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Sea Production Ltd.
Consolidated Income Statement
(Unaudited)
(US\$000)

	Q4		Year-to-date	
	2015	2014	2015	2014
Operating revenues				
Charter revenues	3,169	4,702	15,895	18,656
Total operating revenues	3,169	4,702	15,895	18,656
Operating expenses				
Operating expenses	(202)	(913)	(1,803)	(3,389)
Administrative expenses	(910)	(1,276)	(3,500)	(4,203)
Total operating expenses	(1,113)	(2,189)	(5,303)	(7,592)
Profit before depreciation	2,056	2,513	10,593	11,064
Depreciation	(3,783)	(3,706)	(15,131)	(15,100)
Net operating loss	(1,726)	(1,192)	(4,538)	(4,036)
Other income/(expenses)				
Miscellaneous income/expense	31	103	69	639
Interest expense	(8,051)	(2,925)	(25,501)	(10,033)
Other financial items	(10)	(1,600)	(4,541)	(2,848)
Net other expenses	(8,030)	(4,422)	(29,974)	(12,242)
Taxation	(317)	(3,028)	(1,551)	(4,423)
Net loss	(10,074)	(8,643)	(36,063)	(20,702)
Attributable to:				
Equity holders of the Company	(10,074)	(8,643)	(36,063)	(20,702)

Sea Production Ltd.
Consolidated Balance Sheet
(Unaudited)
(US\$000)

ASSETS	31-Dec-15	31-Dec-14
Current assets		
Cash and cash equivalents	6,640	21,972
Trade accounts receivable	4,904	610
Prepaid expenses and accrued income	185	343
Other receivables	0	0
Total current assets	11,729	22,925
Non-current assets		
Vessels and equipment	157,184	137,573
Total non-current assets	157,184	137,573
Total assets	168,912	160,498
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade and other payables	597	3,407
Deferred revenue	24,052	17,600
Short term debt	104,801	78,111
Amounts due to related companies	35,401	21,255
Total current liabilities	164,851	120,373
Non-current liabilities		
Deferred income tax liabilities	5,800	5,800
Total non-current liabilities	5,800	5,800
Total liabilities	170,651	126,173
Stockholders' equity		
Share capital	96,423	96,423
Other equity	18,094	18,094
Retained losses	(116,255)	(80,192)
Stockholders' equity	(1,738)	34,325
Total liabilities and stockholders' equity	168,912	160,498

Sea Production Ltd.
Consolidated Cashflow Statement
(Unaudited)
(US\$000)

	2015	Q4 2014	Year-to-date 2015	2014
OPERATING ACTIVITIES				
Net loss before tax	(9,757)	(5,614)	(36,013)	(16,278)
Adjustments to reconcile net income to net cash generated from operating activities:				
Net interest expense	8,051	2,925	25,501	10,033
Depreciation and amortization	3,783	3,706	15,131	15,100
Tax paid	(317)	(3,028)	(1,551)	(4,423)
Net change in working capital/non-current items	14,989	23,785	13,647	24,374
Cash generated from operating activities	16,750	21,773	16,716	28,805
INVESTING ACTIVITIES				
Purchases of property, plant and equipment	(19,394)	(1,633)	(34,742)	(1,633)
Net cash provided by investing activities	(19,394)	(1,633)	(34,742)	(1,633)
FINANCING ACTIVITIES				
Restructuring fee on bonds	-	1,501	5,867	1,501
Repayment of borrowings and interest	-	(2,825)	(3,178)	(9,783)
Net cash provided by financing activities	-	(1,324)	2,690	(8,282)
Net increase/(decrease) in cash and cash equivalents	(2,644)	18,816	(15,337)	18,889
Cash and cash equivalents at start of period	9,284	3,160	21,976	3,087
Cash and cash equivalents at end of period	6,640	21,976	6,640	21,976

Sea Production Ltd.
Statement of Changes in Equity
(Unaudited)
(US\$000)

	Attributable to equity holders of the Company			Total equity
	Share capital	Other reserves	Retained earnings	
Balance as at 1 January 2015	96,423	18,094	(80,192)	34,325
Total recognized income and expense for the period from 1 January 2015 to 31 December 2015	-	-	(36,063)	(36,063)
Currency translation difference	-	-	-	-
Balance as at 31 December 2015	96,423	18,094	(116,255)	(1,738)