



## **Sea Production Ltd. Financial Information – First Quarter 2018**

### **Background**

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

### **General Information**

Sea Production Ltd. and its subsidiaries own a floating, production, storage and off-loading (“FPSO”) vessel, Front Puffin, which is under contract to Folawiyo Aje Services Limited (“FASL”) for deployment at the Aje Field, offshore Nigeria.

### **Financial Statements**

#### Income Statement

(Year to date 2017 figures in brackets)

The Group’s revenue in the quarter was US\$4.7 million (US\$7.0 million), with EBITDA of US\$4.2 million (US\$5.6 million).

All charter revenues relate to Front Puffin.

Operating expenses for the quarter amounted to US\$0.4 million (US\$0.6 million) and administrative expenses for the period were US\$0.1 million (US\$0.8 million).

Total depreciation for the quarter was US\$1.3 million (US\$1.9 million). The Group’s vessel is depreciated on a straight-line basis over her economically useful lives, taking into account her estimated residual value. Assessment of the remaining economic life of the asset 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.

Interest expense on the outstanding US\$ bonds was US\$2.1 million (US\$2.2 million).

The net result for the quarter was a profit of US\$0.1 million (loss of US\$12.9 million).

#### Balance Sheet

Current assets as at 31 March 2018 were US\$10.6 million (US\$10.7 million) and non-current assets were US\$36.5 million (US\$74.5 million). The Company has a 5 year callable bond loan with a nominal value of US\$115.6 million outstanding as at 31 March 2018 and a final maturity of 12 October 2018. The Company had no other borrowings as at 31 March 2018. The Company’s equity as at 31 March 2018 was US\$105.7 million negative (US\$94.9 million negative).

## **Subsequent Event**

On 28 June 2018, the Group was served with a notice of termination from FASL in relation to the bareboat charter of Front Puffin. The Group is currently considering the effect of the purported termination notice and will provide a further update in due course, as appropriate.

## **Board of Directors, July 2018**

### **Important Information:**

This document does not constitute an invitation or inducement to sell or an offer to purchase shares in Sea Production Ltd. It is not intended to form the basis of any investment decision, does not constitute and may not be relied upon as constituting any form of investment advice, and is not to be construed as an undertaking or assurance that any specific course of action will be followed. Prospective investors are advised to ensure that they obtain appropriate independent professional advice before making any investment. The information and any opinions contained in this document have been compiled in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Save to the extent (if any) that exclusion of liability is prohibited by any applicable law or regulation, Sea Production Ltd, its officers, employees, representatives and agents expressly advise that they shall not be liable in any respect whatsoever for any loss or damage, whether direct, indirect, consequential or otherwise however arising (whether in negligence or otherwise) out of or in connection with the contents of or any omissions from this document. Statements contained in this document may constitute "forward-looking statements" which are generally identifiable by the use of the words "may", "will", "should", "plan", "expect", "anticipate", "estimate", "believe", "intend", "project", "goal" or "target" or the negative of these words or other variations on these words or comparable terminology. Forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that could cause Sea Production's actions to be materially different from any actions expressed or implied by such forward-looking statements. Sea Production Ltd cannot guarantee that such actions will be put into effect in whole or in part in the future, nor does Sea Production Ltd undertake publicly to update or revise any forward looking statement that may be made in this document, whether as a result of new information, future events or otherwise.

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

	2018	Q1 2017	Full Year 2017
<b>Operating revenues</b>			
Charter revenues	4,679	7,012	24,125
<b>Total operating revenues</b>	<b>4,679</b>	<b>7,012</b>	<b>24,125</b>
<b>Operating expenses</b>			
Operating expenses	(380)	(571)	(1,981)
Administrative expenses	(97)	(845)	(1,523)
<b>Total operating expenses</b>	<b>(477)</b>	<b>(1,415)</b>	<b>(3,504)</b>
<b>Profit before depreciation</b>	<b>4,202</b>	<b>5,597</b>	<b>20,622</b>
Depreciation	(1,329)	(1,929)	(5,826)
<b>Net operating profit</b>	<b>2,873</b>	<b>3,668</b>	<b>14,796</b>
<b>Other income/(expenses)</b>			
Miscellaneous income/expense	204	(13,774)	115,697
Interest expense	(2,094)	(2,165)	(8,356)
Other financial items	(5)	-	(28)
<b>Net other expenses</b>	<b>(1,895)</b>	<b>(15,939)</b>	<b>107,314</b>
Taxation	(927)	(600)	(2,266)
<b>Net profit/(loss)</b>	<b>51</b>	<b>(12,871)</b>	<b>119,843</b>
Attributable to:			
Equity holders of the Company	<b>51</b>	<b>(12,871)</b>	<b>119,843</b>

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

<b>ASSETS</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>	<b>31-Dec-17</b>
<b>Current assets</b>			
Cash and cash equivalents	616	2,588	5,008
Trade accounts receivable	9,613	7,836	6,877
Prepaid expenses and accrued income	366	319	316
Other receivables	-	0	1
<b>Total current assets</b>	<b>10,595</b>	<b>10,743</b>	<b>12,202</b>
<b>Non-current assets</b>			
Vessels and equipment	36,530	74,517	28,099
<b>Total non-current assets</b>	<b>36,530</b>	<b>74,517</b>	<b>28,099</b>
<b>Total assets</b>	<b>47,124</b>	<b>85,260</b>	<b>40,301</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	8,788	6,242	9,888
Deferred revenue	20,717	28,084	22,383
Short term debt	115,619	115,874	117,033
Amounts due to related companies	7,213	28,376	6,020
<b>Total current liabilities</b>	<b>152,336</b>	<b>178,577</b>	<b>155,324</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	508	1,628	508
<b>Total non-current liabilities</b>	<b>508</b>	<b>1,628</b>	<b>508</b>
<b>Total liabilities</b>	<b>152,844</b>	<b>180,205</b>	<b>155,832</b>
<b>Stockholders' equity</b>			
Share capital	(45,286)	96,423	(45,286)
Other equity	(460)	18,094	(460)
Retained losses	(59,974)	(209,462)	(69,785)
<b>Stockholders' equity</b>	<b>(105,719)</b>	<b>(94,945)</b>	<b>(115,531)</b>
<b>Total liabilities and stockholders' equity</b>	<b>47,124</b>	<b>85,260</b>	<b>40,301</b>



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

	2018	Q1 2017	Full Year 2017
<b>OPERATING ACTIVITIES</b>			
Net profit/(loss) before tax	978	(12,271)	122,108
Adjustments to reconcile net income to net cash generated from operating activities:			
Net interest expense	1,985	2,152	8,210
Depreciation and amortization	1,329	1,929	5,826
Impairment of vessels	-	9,640	41,048
Write-off of intercompany balances by related companies	-	-	(156,434)
Provision for doubtful debt	-	-	280
Tax paid	(927)	(600)	(2,266)
Net change in working capital/non-current items	(4,359)	1,074	(1,982)
<b>Cash generated from operating activities</b>	<b>(994)</b>	<b>1,925</b>	<b>16,790</b>
<b>INVESTING ACTIVITIES</b>			
Sale of property, plant and equipment	1	11,680	4,133
<b>Net cash provided by investing activities</b>	<b>1</b>	<b>11,680</b>	<b>4,133</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of borrowings and interest	(3,399)	(12,000)	(16,899)
<b>Net cash provided by financing activities</b>	<b>(3,399)</b>	<b>(12,000)</b>	<b>(16,899)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4,393)</b>	<b>1,604</b>	<b>4,024</b>
Cash and cash equivalents at start of period	5,008	984	984
<b>Cash and cash equivalents at end of period</b>	<b>616</b>	<b>2,588</b>	<b>5,008</b>

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

	Attributable to equity holders of the Company			
	Share capital	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 2018</b>	<b>(45,286)</b>	<b>(460)</b>	<b>(60,025)</b>	<b>(105,771)</b>
Total recognized income and expense for the period from 1 January 2018 to 31 March 2018	-	-	51	51
Currency translation difference	-	-	-	-
<b>Balance as at 31 March 2018</b>	<b>(45,286)</b>	<b>(460)</b>	<b>(59,974)</b>	<b>(105,719)</b>