

## Golden Close Maritime Corp. Ltd. - ISIN NO 001072202.8

### Report Q4 2015 (unaudited)

Deep Sea Metro Group (Group)  
Deep Sea Metro Ltd (Parent)  
Golden Close Maritime Corp. Ltd. (Issuer)  
Golden Close Maritime Corp. Ltd. Group (Issuer Group)

#### Business activities

Deepsea Metro I operated for VietGazprom in Q4 2015 with a financial utilization of 99.3%. The contract commenced early August 2015 and the vessel finalized its contract on 21 January 2016 where after the rig has been laid-up in Labuan (Malaysia) awaiting new employment. The vessel is being marketed towards potential new clients and employment mainly in South-East Asia where it now has established a very good operational track-record.

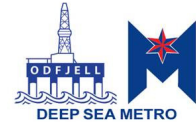
#### Market Outlook and Risk Factors

The Group provides drilling services for the oil and gas industry, which historically has shown a cyclical development. The level of activity in the offshore oil and gas industry will, among other factors, depend on the general climate in the global economy, oil and gas prices, investment patterns for oil and gas exploration, production and drilling, and regulatory issues with respect to operational safety and environmental hazards. Financial performance will also depend on the demand and supply balance for mobile offshore drilling units. All offshore contracts are associated with considerable risk and responsibilities, including technical, operational, commercial and political risks. The company takes out the insurance coverage deemed adequate in order to limit these risks.

The board sees that the deep- and ultradeep water drilling market has further deteriorated through 2015 and into 2016, and expects it to remain weak over the next couple of years. This is due to continued delivery of UDW newbuilds, recent drop in oil prices and oil companies' increased cost focus and capital discipline, resulting in an increasing number of stacked units and continued downward pressure on day rates.

Deepsea Metro I, owned by Golden Close Maritime Corp. Ltd., finalized its drilling contract for Vietgazprom in January and is now laid-up while marketed for new employment. Golden Close Maritime Corp. Ltd. is in a financial challenging position and is not fully compliant with all its financial covenants at year-end 2015. However, it is in a constructive dialogue with its lenders with regards to waiver or a stand-still period. There is also uncertainty related to re-contracting Deepsea Metro I in the current market environment.

Chloe Marine Corporation Ltd's Deepsea Metro II has been marketed for sale since August but no sale has been concluded so far. In July 2015, Chloe Marine Corporation Ltd. received default notices under its debt facilities, the 1<sup>st</sup> priority term facility and the 2<sup>nd</sup> lien bond, as a consequence of i.a. a breach of the minimum liquidity financial covenant. Further, on 17 November 2015, the 1<sup>st</sup> priority lenders arrested Deepsea Metro II in Curacao and sent an acceleration notice to Chloe Marine Corporation Ltd. The 1<sup>st</sup> priority lenders will proceed with a judicial sale of Deepsea Metro II through the courts of Curacao. Uncertainty around the sales price for Deepsea Metro II and uncertainties related to the contract situation and the future of the Deepsea Metro I, led the board to make a further impairment write-down of the book value of these vessels to USD 350 million at 30 September 2015 following broker's market value indications for these vessels. Broker valuations at year-end 2015 are at the same level and based on this the board has made no further impairment write-downs at 31 December 2015.



The board is of the opinion that the book value at year-end 2015 reflects a fair value assessment of the sales value of Deepsea Metro II and the recoverable amount for Deepsea Metro I.

## **Ownership**

Deep Sea Metro Ltd. ("the Parent") was incorporated under the laws of Bermuda as a private limited liability company on 4 September 2008. The company was founded by Metro Exploration Holding Corp. and Odfjell Drilling Ltd. as a joint cooperation.

The Parent has two shareholders. Metro Exploration Holding Corp. holds 60% of the shares and voting rights, while Odfjell Drilling holds 40% of the shares and the voting rights.

As of 31 December 2015, the authorised share capital was USD 1,000,000,000 whereof USD 960,558,240 was issued at par value USD 1. Each share carries one vote, and otherwise confers equal rights in the Company.

The Parent is a holding company for the two drillship-owning companies, Golden Close Maritime Corp. Ltd. and Chloe Marine Corporation Ltd., which it owns 100 per cent.

## **Financial information**

The financial figures have been prepared in accordance with simplified IFRS (International Financial Reporting Standards) pursuant to section 3-9 of the Norwegian Accounting Act and with the Directives of simplified IFRS specified by the Norwegian Ministry of Finance on 21 January 2008.

### Deep Sea Metro Group

Due to the situation in Chloe Marine Corporation Ltd, where the drillship is taken under arrest by the 1<sup>st</sup> priority lenders, the Chloe group is presented as discontinued operations in the income statement for the Deep Sea Metro Ltd. Group. In the statement of financial positions, liabilities to financial institutions and the bond loan is presented net off the rig value of the drillship Deepsea Metro II. Quarterly figures for Deep Sea Metro Ltd. Group in Q4 2015 comprise Golden Close Maritime Corporation Ltd Group and Deepsea Metro Ltd and are not comparable with earlier quarters.

The Group's operating revenue in Q4 2015 from continued operations was USD 23 million. Operating expenses were USD 25 million in Q4 2015.

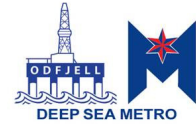
The operating profit from continued operations was negative with USD 2 million in Q4 2015. Net financial loss was USD 9 million in Q4 2015.

Tax expenses were USD positive with USD 0.8 million in Q4 2015 due to reclassification of VAT of USD 4.6 million from tax expense to a reduction of operating revenue in Q4 2015.

Loss from discontinued operations is negative with USD 20 million in Q4 2015 and is presented on a separate line in the income statement.

As of 31 December 2015, the total assets amounted to USD 453 million, compared to USD 836 million as of 30 September 2015. In Q3 Deepsea Metro II was a part of the Groups assets in the statement of financial positions.

The book value of Deepsea Metro I is USD 343 million at 31 December 2015. The book value of Deepsea Metro II is presented net of liabilities as the drillship is taken under arrest.



Liabilities are classified short term due to the situation in Chloe Marine Corporation Ltd and the contract situation in Golden Close Maritime Corporation Ltd. Liabilities amounted to USD 412 million as per 31 December 2015.

Cash and cash equivalents were USD 81 million as of 31 December 2015 compared to USD 89 million at 30 September 2015.

On 31 December 2015, the total equity of the Group was positive with USD 41 million compared to a negative equity of USD 22 million as per 30 September 2015. The change in equity is mainly explained by Chloe Marine Corporation being presented as discontinued operations as per 31 December 2015.

#### Golden Close Maritime Corp. Ltd. Group

The Issuer Group reported total revenue at USD 23 million in Q4 2015, compared to USD 22 million in Q3 2015. Due to reclassification of VAT of USD 4.6 million from tax expense to a reduction of operating revenue in Q4 2015, the revenue in this quarter is not directly comparable to the revenue in Q3.

Operating expenses amount to USD 20 million in Q4 2015 compared to USD 65 million in Q3 2015. Operating expenses in Q3 2015 include an impairment write-down of USD 43 million. The operating profit was positive with USD 3 million in Q4 2015 compared to a loss of USD 42 million in Q3 2015.

Net financial loss was USD 9 million in Q4 2015, same as in Q3 2015.

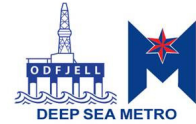
The Issuer Group reported a net loss of USD 6 million in Q4 2015 compared to net loss of USD 55 million in Q3 2015.

At 31 December 2015, the total assets of the Issuer Group were USD 433 million compared to USD 439 million at 30 September 2015.

Cash and cash equivalents amounted to USD 61 million at 31 December 2015 compared to USD 53 million at 30 September 2015. Other current assets are USD 29 million at 31 December 2015.

Long term liabilities in Golden Close Maritime Corporation Ltd. are classified as short term at 31 December 2015 due to the financial position and the re-contracting risk of Deepsea Metro I. Figures are presented net of capitalized financing fees.

Total equity of the Issuer Group was USD 20 million as of 31 December 2015 compared to USD 26 million as of 30 September 2015.



25 February 2016

The Board of Directors

Deep Sea Metro Ltd.  
Golden Close Maritime Corp. Ltd.  
Hamilton, Bermuda

ENCLOSURE

**Significant accounting principles**

The accounting principles used in the preparation of this fourth quarter report for 2015 are consistent with those used in the annual financial statements for the year ending 31 December 2014. These consolidated condensed financial statements should be read together with the annual financial statements for 2014, which include a full description of the group's accounting policies.







