

# **Dyas Mariner Limited**

## **Annual report and Financial Statements**

Period ended 31 December 2013

Companies registration number SC449498



## Strategic report

For the period ended 31 December 2013

### Company Information

#### Directors

Stephen Rennie	(appointed 24/12/2013)
Peter Waaijer	(appointed 24/12/2013)
Adam Euan Thompson	(appointed 24/12/2013)
Robert Baurdoux	(appointed 24/12/2013)
James Kearney	(appointed 24/12/2013)
Michael Watts	(appointed 31/5/2013, resigned 24/12/2013)
Janice Brown	(appointed 31/5/2013, resigned 24/12/2013)
Simon Thomson	(resigned 24/12/2013)

#### Company secretary

Mr G. Picton-Turbervill

#### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

#### Bankers

HBOS  
38 Threadneedle Street  
London  
EC2P 2HL

Royal Bank of Scotland  
Gustav Mahlerlaan 10  
1000EA Amsterdam

#### Solicitors

Ashurst  
Broadwalk House  
5 Appold Street  
London  
EC2A 2HA

#### Registered Office

5<sup>th</sup> Floor  
1 Exchange Crescent  
Conference square  
Edinburgh  
Lothian  
EH3 8UL

## Strategic report

### For the period ended 31 December 2013

#### Review of Business

Capricorn Mariner was acquired by Dyas UK Limited in December 2013 through the acquisition of the entire share capital. The Company was incorporated on 08 May 2013 and subsequently renamed to Dyas Mariner Limited in February 2014.

The Mariner field is a large development of heavy oil in the northern part of the UK North Sea, the operator is Statoil. The field is being developed according to a Field Development Plan and financing is being provided by Dyas UK Limited.

#### Principal Risks and Uncertainties

The risks in the current development stage are cost overruns and delays of the project. These risks are managed by the operator of the project, Statoil. Various risk mitigation actions are being pursued such as good project definition, planning and execution.

#### Financial Key Performance Indicators

The company's key financial indicators are Turnover, Profit after tax and Shareholders' Funds.

Turnover is nil.

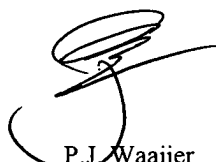
Profit after tax for 2013 is £6.6m.

Shareholders funds are £6.6m due to Net Profit.

Oil and gas developed reserves of Dyas Mariner Limited are 14 m barrels ("bbl") as a result of the Final Investment Decision has been taken on Mariner field development.

The company is building up its investment in the development of the Mariner field. Due to the fact Dyas UK Limited became the owner of Dyas Mariner Limited, Dyas Mariner Limited has the ability to utilise tax losses generated in the period and these were recognized resulting into a tax gain of £ 6.6 million.

On behalf of the Board



P.J. Waaijer  
Director

28 October 2014

## **Directors' report**

### **For the period ended 31 December 2013**

The directors present their annual report and audited financial statements for the period ended 31 December 2013.

#### **Principal activities**

The principal activity of the company is to hold interests in oil and gas fields on the UK Continental Shelf for the exploration, appraisal, development and production of crude oil and natural gas. Dyas has in-house geological and technical resources and expertise to play an active and constructive role as a joint venture partner. Oil and gas exploration and production activities carry a significant risk, even for best in class operators. Oil and gas developed reserves of Dyas Mariner Limited are 14 m barrels ("bbl") after a Final Investment Decision had been taken on the Mariner field development.

#### **Results and dividends**

The profit for the financial period amounted to £6.6m.

#### **Financial risk management**

The company is exposed to a variety of risks the most significant of which are operational risk, commodity price risk, foreign currency risk and interest rate risk. The board seeks to limit the adverse effects on the financial performance of the company by reviewing and agreeing policies for managing each of these risks and these are summarised below.

#### **Operational risk**

At this stage the main risks for the company are costs overruns and delays in the development of the Mariner field. With regard to the expected exploration activities, the risks for the company are cost overruns and disappointing results in finding oil and gas reserves. With regard to the risks at the stage of production of the Mariner field, the main risks of the company lie in the production and transportation of oil and gas. Operations are carried out by qualified operators on behalf of parties on the basis of joint operating agreements. Operations are carried out in accordance with strict laws and regulations, and good industry and oil field practice. Adherence to these laws and regulations is closely observed by governments and parties involved. However, technical failures and human error or negligence cannot be 100% precluded.

#### **Foreign currency & commodity price risk**

At the development stage the company manages the exposure on funding liabilities. At the production stage, oil prices and exchange rates are key risks for the company. To reduce the risk of future oil and gas prices and currency exchange rate volatility the group hedges part of these risks. A policy has been developed to determine the volumes to be hedged, price levels and the instruments to be used to reduce the risks.

#### **Interest rate risk**

The Company's financing is internal to the SHV group. The company is exposed to the risk of future interest rate volatility on these intra group loans, but due to the nature of the funding this is managed on a group basis.

## **Directors' report**

### **For the period ended 31 December 2013**

#### **Recent and future developments**

The company is actively pursuing opportunities to invest in exploration opportunities and to participate in pre development projects for oil and gas production.

#### **Political and charitable contributions**

No political or charitable contributions were made during the period.

#### **Directors' third party indemnities**

As permitted by the articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

#### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

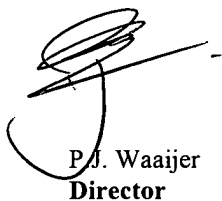
#### **Post balance sheet events**

Nothing to report.

#### **Directors**

The directors of the company who were in office during the period and up to the date of signing the financial statements are listed on page 1.

On behalf of the Board



P.J. Waaijer  
Director

28 October 2014

## Statement of Directors' Responsibilities

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

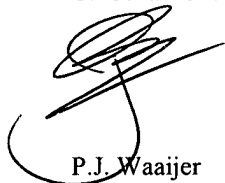
Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board



P.J. Waaijer

**Director**

28 October 2014

## **Independent auditors' report to the members of Dyas Mariner 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 profit 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 Dyas Mariner Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account 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).

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 and Financial Statements (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 Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

#### **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:

## **Independent auditors' report to the members of Dyas Mariner Limited**

- 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.

### **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 5, 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.



Phil Harrold (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands

29 October 2014



## Profit and loss account

for the period ended 31 December 2013

	Notes	<i>Period to 2013 £000</i>
Turnover		-
		<hr/>
Cost of sales		-
		<hr/>
<b>Gross profit</b>		-
Administrative expenses		-
		<hr/>
<b>Operating Result</b>	2	-
		<hr/>
Interest payable and similar charges		-
		<hr/>
<b>Result on ordinary activities before taxation</b>		-
		<hr/>
Tax on result on ordinary activities	4	6,634
		<hr/>
<b>Profit for the financial period</b>	9	6,634
		<hr/> <hr/>

All amounts relate to continuing operations and are realised in the UK part of the North Sea.

The company has no recognised gains or losses other than the profit for the financial period of £6,634,000.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents.

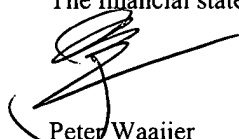
**Balance sheet**

at 31 December 2013

	<i>Notes</i>	<b>2013 £000</b>
<b>Fixed assets</b>		
Tangible assets	5	16,833
		<u>16,833</u>
<b>Current assets</b>		
Debtors	6	10,436
Cash at bank		-
		<u>10,436</u>
<b>Creditors:</b> amounts falling due within one year	7	(16,833)
		<u>(6,397)</u>
<b>Net current liabilities</b>		
<b>Total assets less current liabilities</b>		<u>10,436</u>
<b>Provisions for liabilities</b>		
Taxation, including deferred taxation	4	(3,802)
		<u>(3,802)</u>
<b>Net assets</b>		<u>6,634</u>
<b>Capital and reserves</b>		
Called up share capital	8	-
Profit and loss account	9	6,634
<b>Total shareholders' funds</b>	9	<u>6,634</u>

The notes on pages 10 to 15 form part of the financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by:

  
Peter Waaijer  
Director

## Notes to the financial statements

For the period ended 31 December 2013

### 1. Accounting policies

#### *Accounting convention*

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

FRS 18 requires the company to prepare financial statements in accordance with applicable industry Statements of Recommended Practice (SORP) or disclose reasons for departure. The financial statements have been prepared in accordance with the provisions of the SORP "Accounting for Oil and Gas Exploration, Production and Decommissioning Activities" issued by the Oil Industry Accounting Committee.

The company engages in exploration and development in consortia with other partners. These financial statements reflect the relevant portions of costs, revenue, assets and liabilities applicable to the company's interest.

#### *Tangible and intangible fixed assets*

The company accounts for exploration and development costs on the 'successful efforts' basis whereby all licence acquisition, exploration and appraisal drilling costs are initially capitalised as intangible fixed assets pending determination of their commercial viability. Expenditure incurred during the various exploration and appraisal phases is then written off unless commercial reserves have been established or the determination process has not been complete. Expenditure incurred prior to the acquisition of a licence and the costs of other exploration activities which are not specifically directed to an identified structure are written off in the period. After appraisal, if commercial reserves are found then the net capitalised costs incurred in discovering the field are transferred into tangible fixed assets in a single field cost centre. Any subsequent development costs are capitalised in these cost centres.

General and administrative expenditure is capitalised only where it directly relates to activities where the costs of which are also capitalised. Borrowing costs are capitalised as part of the cost of development to the extent that related borrowings are used to finance major development projects. All other costs are expensed including periodic licence fees.

Depreciation of exploration and development costs is provided using the unit-of-production method based on proven and probable reserves. Any changes in reserves are accounted for prospectively. The cost element in the unit of production calculation is represented by the net book value of costs incurred to date plus future development costs. Depreciation is charged to cost of sales.

#### *Impairment of fixed assets*

Where there are indicators of impairment, reviews are performed at the period end for each oil and gas field, based on discounted cash flows in accordance with FRS 11. Estimates of future oil and gas prices, foreign exchange rates, decommissioning and other costs are utilised in the determination of future cash flows. No deduction is made to reflect quantities included as reserves which are expected to be consumed in operations. Reversals of previously recorded impairment deficits are recognised only if supported by changes in estimates utilised in the impairment review process.

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

## Notes to the financial statements

For the period ended 31 December 2013

### 1. Accounting policies (continued)

#### *Derivative financial instruments*

The company uses hedging instruments to reduce its exposure to fluctuations in oil and gas prices.

Premiums paid to enter such derivative financial instruments are charged to the profit and loss account over the period of the hedge. Payments and receipts arising under the financial instruments are recognised in the profit and loss account in the same periods as the hedged transactions, and are recorded within turnover.

#### *Functional currency*

The directors consider the functional currency of the company to be UK Pounds Sterling.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, the forward contract rate. All differences are taken to the profit and loss account.

#### *Related parties transactions*

The company is a wholly owned subsidiary of SHV Holdings N.V., the consolidated financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with other wholly owned group members of the SHV Holdings N.V. group.

#### *Cash flow statement*

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

### 2. Operating Result

Fees for audit related services are borne by another group company and not recharged. There has been no provision for non-audit services in the period.

### 3. Staff costs

The company employs no permanent staff in 2013.

Management services are provided by an affiliated company Dyas B.V.

The directors received no remuneration in respect of the services they rendered to the company.

### 4. Tax on result on ordinary activities

(a) Tax on result on ordinary activities

	<i>2013</i>
	<i>£000</i>
UK corporation tax:	
UK corporation tax credit on result of the period	(10,436)
Total current tax (note 4b)	(10,436)
Deferred tax:	
Originating and reversal of timing differences (note 4c)	3,802
Total tax credit	(6,634)

## Notes to the financial statements

For the period ended 31 December 2013

(b) Factors affecting current corporation tax credit

The corporation tax assessed on the result on ordinary activities for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below.

	<b>2013</b>
	<b>£000</b>
Result on ordinary activities before taxation	-
Result on ordinary activities multiplied by the standard rate of corporation tax in the UK of 62% (2012 – 24.5% )	-
Effect of:	
Difference between Capital allowances and depreciation	(10,436)
Total current corporation tax	(10,436)

(c) Deferred tax

	<b>2013</b>
	<b>£000</b>
Accelerated capital allowances	10,436
Other timing differences	(6,634)
Total deferred tax liabilities	3,802

Provision for deferred taxation:

	<b>2013</b>
	<b>£000</b>
Profit and loss account movement arising during the period	3,802
At 31 December 2013	3,802

## Notes to the financial statements

For the period ended 31 December 2013

### 5. Tangible fixed assets

	<i>Oil and gas properties £000</i>	<i>De- commissioning £000</i>	<i>Total £000</i>
Cost or valuation:			
Additions	16,833	-	16,833
<b>At 31 December 2013</b>	<b>16,833</b>	<b>-</b>	<b>16,833</b>
Accumulated depreciation:			
Charge for the period	-	-	-
<b>At 31 December 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net book value:			
<b>At 31 December 2013</b>	<b>16,833</b>	<b>-</b>	<b>16,833</b>

### 6. Debtors

	<i>2013 £000</i>
Amounts due from group undertakings	10,436
	<b>10,436</b>

Amounts due from group undertakings relate to taxable losses surrendered in the period to other group entities.

### 7. Creditors

	<i>2013 £000</i>
Amounts owed to group undertakings	16,833
	<b>16,833</b>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## Notes to the financial statements

For the period ended 31 December 2013

### 8. Called up share capital

2013

£000

*Allotted and fully paid*

Equity

101 Ordinary shares of £1 each

-

### 9. Reconciliation of movements in shareholders' funds and movements on reserves

	Called up share capital	Profit and loss account	Total share- holders' funds
Company	£'000	£'000	£'000
Additions	-	-	-
Profit for the financial period	-	6,634	6,634
<b>At 31 December 2013</b>	<b>-</b>	<b>6,634</b>	<b>6,634</b>

## Notes to the financial statements

For the period ended 31 December 2013

### 10. Oil & Gas reserves

Net commercial Oil and Gas Reserve Quantities for the period ended 31 December 2013.

	<i>Oil million barrels</i>
Net commercial reserves	
Beginning of period:	
-commercial developed reserves	-
	<hr/>
	-
Changes during the period	
- purchases of reserves in place	14.0
- production	-
	<hr/>
	14.0
Net commercial reserves	
End of period:	
-commercial developed reserves	14.0
	<hr/>
	14.0
	<hr/>

### 11. Capital commitments

Amounts contracted for but not provided for in the financial statements amounted to £202,456,000.

### 12. Related party transactions

During the period the group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	<i>Purchases from £'000</i>	<i>Sales to £'000</i>	<i>Amount owed to £'000</i>	<i>Amounts owed from £'000</i>
Dyas UK Limited 2013	-	-	16,833	-

### 13. Parent undertaking

The company's immediate parent undertaking is Dyas UK Limited, a company incorporated in the UK which owns 100% of the issued share capital of the company. SHV Holdings N.V. is the ultimate parent undertaking and controlling party of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2013. The consolidated financial statements of SHV Holdings N.V. can be obtained from Rijnkade 1, 3511 LC Utrecht, The Netherlands.