GlobalSantaFe Techserv (North Sea) Limited

Report and Financial Statements

31 December 2017

Directors

C C M Meldrum
R M Martin

Secretary

WFW Legal Services Limited
15 Appold Street
London
United Kingdom
EC2A 2HB

Auditors

Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen
United Kingdom
AB15 4DT

Registered Office

15 Appold Street
London
United Kingdom
EC2A 2HB

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2017.

The report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small entities.

In accordance with s.414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company has taken exemption from preparing a separate strategic report.

Results

The profit for the year after taxation was $433,000 (2016 – $236,000).

Review of the business and future developments

The company did not trade during the year and is not expected to trade in future years. The profit for the year arose primarily from intercompany interest received.

Directors

The current directors are shown on page 1.

The directors who served the company during the year and up to the date of signing were as follows:

C C M Meldrum
D M Walls (Resigned 24 May 2017)
H F S Meek (Appointed 2 October 2017, Resigned 6 September 2018)
R M Martin

Going concern

The directors have obtained confirmation from an appropriate parent undertaking that it will provide financial support to allow the company to meet its liabilities as and when they fall due, to the extent that the company is not able to meet such liabilities; and to recover in full sums due to it, when so due, from other group undertakings. The support outlined above is valid for a period of 12 months from the date of signing the financial statements. On this basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to the auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Report (continued)

Auditors

In accordance with s.487 of the Companies Act 2006, Ernst & Young LLP is deemed to be re-appointed as the auditor of the company.

On behalf of the Board

C C M Meldrum

Director

20 September 2018

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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 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 estimates that are reasonable and prudent; and
- 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 appropriate 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.

Independent auditors' report

to the members of GlobalSantaFe Techserv (North Sea) Limited

Opinion

We have audited the financial statements of GlobalSantaFe Techserv (North Sea) Limited for the year ended 31 December 2017 which comprises the Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 11, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report (continued)

to the members of GlobalSantaFe Techserv (North Sea) Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Jamie Dixon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
20 September 2018

Profit and loss account

for the year ended 31 December 2017

	Notes	2017 $000	2016 $000
Administrative expenses		(29)	(33)
Operating loss	3	(29)	(33)
Interest receivable	5	462	269
Profit before taxation		433	236
Tax on profit	6	-	-
Profit for the financial year		433	236

Statement of other comprehensive income

for the year ended 31 December 2017

	2017 $000	2016 $000
Profit for the financial year	433	236
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	433	236

Balance sheet
at 31 December 2017

	Notes	*2017* *$000*	*2016* *$000*
Current assets			
Debtors	7	17,004	16,571
Creditors: amounts falling due within one year	8	(391)	(391)
Net assets		16,613	16,180
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		16,613	16,180
Total equity		16,613	16,180

These financial statements were approved by the board of directors on 20 September 2018 and were signed on its behalf by:

C C M Meldrum
Director

Statement of changes in equity
for the year ended 31 December 2017

	Called up Share capital	*Profit and loss account*	*Total equity*
	$000	*$000*	*$000*
As at 1 January 2016	-	15,944	15,944
Profit for the year	-	236	236
Other comprehensive income	-	-	-
Total comprehensive income	-	236	236
At 31 December 2016	-	16,180	16,180
Profit for the year	-	433	433
Other comprehensive income	-	-	-
Total comprehensive income	-	433	433
At 31 December 2017	-	16,613	16,613

Notes to the financial statements

at 31 December 2017

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of GlobalSantaFe Techserv (North Sea) Limited (the "Company") for the year ended 31 December 2017 were authorised for issue by the board of directors on 20 September 2018 and the balance sheet was signed on the board's behalf by C C M Meldrum. The Company is a public company, limited by shares and is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 - *Reduced Disclosure Framework* (FRS 101) and in accordance with applicable accounting standards.

The Company's functional and presentation currency is US Dollar (USD) and all values are rounded to the nearest thousand dollars ($'000) except when otherwise indicated.

The results of the Company and associated undertakings are included in the consolidated financial statements of Transocean Ltd., a company registered in Switzerland and are available from Transocean Offshore Deepwater Drilling Inc., 4 Greenway Plaza, Houston, Texas, 77046, USA.

The principal accounting policies adopted by the company are set out in note 2.

Going concern

The directors have obtained confirmation from an appropriate parent undertaking that it will provide financial support to allow the company to meet its liabilities as and when they fall due, to the extent that the company is not able to meet such liabilities; and to recover in full sums due to it, when so due, from other group undertakings. The support outlined above is valid for a period of 12 months from the date of signing the financial statements. On this basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017.

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

(a) the requirements of IFRS 7 Financial Instruments: Disclosures;

(b) 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;

(c) the requirements of paragraphs 10(d), 10(f), 16, 38A – 38D, 40A – 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;

(d) the requirements of IAS 7 Statement of Cash Flows;

(e) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;

(f) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;

(g) 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.

(h) the requirements of paragraphs 91-97 of IFRS13 Fair value measurement.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 6.

2.4 Significant accounting policies

Foreign currency translation

The company's financial statements are presented in U.S. Dollars, which is also the company's functional currency. The exchange rate as at 31 December was £/$ 1.3521.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Taxation

UK Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial Instruments

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include cash and short-term deposits, trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Available-for-sale financial assets

Available-for-sale financial investments include equity securities. Equity investments classified as available-for sale are those which are neither classified as held for trading nor designated at fair value though profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the unrealised gains and losses reserve. When the investment is derecognised, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in other operating expenses and removed from the unrealised gains and losses reserve.

The Company evaluates its available-for-sale financial assets and whether the ability and intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and when the Company has the intent and ability to hold these assets for the foreseeable future or until maturity.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

iv) Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Notes to the financial statements

at 31 December 2017

3. Operating loss

This is stated after charging:

	2017	*2016*
	$000	*$000*
Auditors' remuneration - Audit of the financial statements	2	2

4. Directors' remuneration

The directors of the company are employees of the Transocean Ltd. group and receive remuneration from other Transocean Ltd. group undertakings. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the other Transocean Ltd. group undertakings.

5. Interest receivable

	2017	*2016*
	$000	*$000*
Amounts from fellow group undertakings	462	269

6. Taxation

(a) Tax charged in the profit and loss account

The tax charge is made up as follows:

	2017	*2016*
	$000	*$000*
Current income tax:		
Tax expense in the profit and loss account	-	-

Notes to the financial statements

at 31 December 2017

6. Taxation (continued)

(b) Reconciliation of the total tax charge

The tax expense in the profit and loss account differs from the standard rate of corporation tax in the UK of 19.25% (2016 – 20%). The differences are reconciled below:

	2017	*2016*
	$000	*$000*
Profit before taxation	433	236
Tax calculated at UK blended rate of corporation tax of 19.25% (2016 - 20%)	83	47
Effects of:		
Group relief received for no consideration	(83)	(47)
Total tax expense reported in the profit and loss account	-	-

(c) Deferred taxation

Deferred taxation assets of $4,857 have not been recognised as there is insufficient evidence that there will be sufficient taxable profits in future periods which would result in the asset being recoverable.

The deferred tax asset can be analysed as follows:

	2017	*2016*
	$000	*$000*
Carried forward losses	5	-
	5	-

(d) Change in corporation tax rate

The standard rate of UK corporation tax in the year changed from 20% to 19% with effect from 1 April 2017. In the 2016 budget it was announced that the previously enacted reduction to 18% from 1 April 2020 would be replaced with a reduction to 17%.

7. Debtors

	2017	*2016*
	$000	*$000*
Amounts owed by group undertakings	17,004	16,571

Amounts owed by group undertakings are repayable on demand, however the company has no intention of demanding settlement within one year.

Notes to the financial statements

at 31 December 2017

8. Creditors: amounts falling due within one year

	2017	2016
	$000	$000
Amounts owed to group undertakings	389	389
Accruals	2	2
	391	391

Amounts owed to group undertakings are repayable on demand.

9. Called-up share capital

	2017	2016
Authorised, allotted, called up and fully paid	$	$
100 ordinary shares at £1 each	194	194

10. Related party transactions

The company has taken advantage of the exemption in FRS 101 not to disclose transactions with wholly owned entities which form part of the group.

There were no other related party transactions during the year.

11. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is GlobalSantaFe Holding Company (North Sea) Limited, a company registered in the United Kingdom.

The company's ultimate parent undertaking is Transocean Ltd., a company registered in Switzerland.

The consolidated accounts of Transocean Ltd. are those of the smallest and the largest group of which the company is a member and for which group accounts are prepared.

Copies of these accounts can be obtained from Transocean Offshore Deepwater Drilling Inc., 4 Greenway Plaza, Houston, Texas, 77046, USA.