

**ENSCO Services Limited**

**Directors' report and financial  
statements**

**Registered number 4605864  
31 December 2005**





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## Directors and officers

Directors Steven Joseph Brady  
Ian William Leslie Wilson

Secretary Ian William Leslie Wilson

Auditors KPMG LLP  
37 Albyn Place  
Aberdeen  
AB10 1JB

Solicitors Baker & McKenzie  
100 New Bridge Street  
London  
EC4V 6JA

Registered office 100 New Bridge Street  
London  
EC4V 6JA



## Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2005.

### Principal activity

The principal activity of the company is the provision of administrative support services to other subsidiary companies of ENSCO Offshore International Company. The primary areas of operation supported by the company are in the North Sea and West Africa and the nature of the operations is related to the jackup drilling market.

### Business review

The improving market conditions experienced in late 2004 continued throughout 2005 resulting in increased utilisation and a significant increase in market rates throughout the North Sea fleet. As a result of this the requirements for the company's administrative support services remained high throughout the year and current levels of support remain constant. The current status reflects a strong market contributing to continuing stability and improved financial performance.

### Proposed dividends and transfer to reserves

The directors do not recommend the payment of a dividend. The profit for the year to be added to reserves is \$1,595,000 (2004: \$594,000).

### Directors and directors' interests

The directors who held office during the year and up to the date of this report were as follows:

Steven J Brady  
Ian WL Wilson  
Peter M Lazzari (resigned 1 July 2005)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or any other group companies according to the register of directors' interests.

### Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
Ian WL Wilson  
Director

100 New Bridge Street  
London  
EC4V 6JA

30 October 2006



## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing the 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 year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 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; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.





37 Albyn Place  
Aberdeen  
AB10 1JB  
United Kingdom

## **Independent auditors' report to the members of ENSCO Services Limited**

We have audited the financial statements of ENSCO Services Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

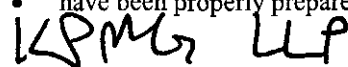
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

  
KPMG LLP

Chartered Accountants  
Registered Auditor

30 October 2006



**Profit and loss account**  
*for the year ended 31 December 2005*

	<i>Note</i>	<b>2005</b> <b>\$000</b>	2004 \$000
<b>Turnover</b>	<i>1 &amp; 2</i>	<b>6,719</b>	6,159
Cost of sales		<b>(4,515)</b>	(5,304)
<b>Gross profit and operating profit</b>		<b>2,204</b>	855
Interest receivable and similar income	<i>6</i>	<b>66</b>	18
<b>Profit on ordinary activities before taxation</b>	<i>3-5</i>	<b>2,270</b>	873
Tax on profit on ordinary activities	<i>7</i>	<b>(675)</b>	(279)
<b>Profit on ordinary activities after taxation</b>			
being profit for the financial year	<i>11</i>	<b>1,595</b>	594

All of the above amounts relate to continuing operations.


The company had no recognised gains or losses other than the profits for the financial years reported above.



**Balance sheet**  
*at 31 December 2005*

	Note	2005	2004
		\$000	\$000
<b>Current assets</b>			
Debtors	8	46,585	27,662
Cash at bank and in hand		95	186
		<u>46,680</u>	<u>27,848</u>
<b>Creditors: amounts falling due within one year</b>	9	(43,930)	(26,693)
		<u></u>	<u></u>
<b>Net current assets</b>		<u>2,750</u>	<u>1,155</u>
<b>Total assets less current liabilities</b>		<u>2,750</u>	<u>1,155</u>
<b>Net assets</b>		<u>2,750</u>	<u>1,155</u>
<b>Capital and reserves</b>			
Called up share capital	10	2	2
Profit and loss account	11	2,748	1,153
		<u>2,750</u>	<u>1,155</u>
<b>Shareholders' funds</b>	12	<u>2,750</u>	<u>1,155</u>

These financial statements were approved by the board of directors on 30 October 2006 and were signed on its behalf by:

 30-10-06

**Steven J Brady**  
*Director*



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- The presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

None of these new standards have had a material effect on the financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a 100% owned subsidiary of ENSCO International Incorporated, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of ENSCO International Incorporated, within which this company is included, can be obtained from the address given in note 15.

The functional currency of the company is United States Dollars. The dollar is the prevalent currency used within the oil industry and the company has a significant level of dollar assets and financing. The financial statements are therefore presented in US dollars.

#### *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. All exchange differences arising on translation are taken to the profit and loss account.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Pension costs*

The company contributes to defined contribution pension schemes operated by AON Consulting Limited. The assets of these schemes are held separately from those of the company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable by the company to the schemes in respect of the accounting year.

#### *Turnover*

Turnover represents the amounts derived (net of value added tax) from the provision of services to customers.



## Notes (continued)

### 2 Analysis of turnover

Turnover is analysed by geographical destination as follows:

	2005 \$000	2004 \$000
United Kingdom	718	1,236
Europe, excluding United Kingdom	1,254	3,376
Rest of world	4,747	1,547
	<u>6,719</u>	<u>6,159</u>

All of the company's turnover and the profit before taxation are derived from its principal activity. In the view of the directors, the company has only one class of business.

### 3 Profit on ordinary activities before taxation

<i>Profit on ordinary activities before taxation is stated</i>	2005 \$000	2004 \$000
<i>after charging (crediting):</i>		
Hire of plant and machinery – rentals payable under operating leases	18	18
Hire of other assets – operating leases	29	28
Auditors' remuneration: audit	104	59
Exchange (gains) losses	(1,254)	46

Certain of the lease contracts relating to the operating lease charges shown above are held by a fellow subsidiary undertaking.

The audit fees disclosed above represent the audit fee for the company itself and also the audit fees for certain fellow group undertakings which are borne on their behalf by the company.

### 4 Remuneration of directors

	2005 \$000	2004 \$000
Directors' emoluments	175	169
Company contributions to money purchase pension schemes	8	8
	<u>183</u>	<u>177</u>

#### Number of directors

Retirement benefits are accruing to the following number of directors under:

	2005	2004
Money purchase scheme	1	1

### 5 Staff numbers and costs

	2005 \$000	2004 \$000
Wages and salaries	3,222	2,722
Social security costs	307	303
Pension costs (see note 14)	109	109
	<u>3,638</u>	<u>3,134</u>



**Notes (continued)**

**5 Staff numbers and costs (continued)**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2005 No	2004 No
Onshore operational	13	15
Onshore administration	35	35
	<u>48</u>	<u>50</u>

**6 Interest receivable and similar income**

	2005 \$000	2004 \$000
Interest on bank deposits	66	18
	<u>66</u>	<u>18</u>

**7 Taxation**

Analysis of charge in year

	2005 \$000	2004 \$000
<i>UK corporation tax</i>		
Current tax on income for the year	681	262
Adjustments in respect of prior period	(6)	17
	<u>675</u>	<u>279</u>

The adjustments to UK corporation tax in respect of the prior period include exchange movements arising in respect of prior period tax liabilities denominated in currencies other than US dollars.



## Notes (continued)

### 7 Taxation (continued)

#### *Factors affecting the tax charge for the current year*

The current tax charge for the year is lower (2004: *higher*) than the standard rate of corporation tax in the UK 30% (2004: 30%). The differences are explained below:

	2005 \$000	2004 \$000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,270	873
	<hr/>	<hr/>
Current tax at 30% (2004: 30%)	681	262
	<hr/>	<hr/>
<i>Effects of:</i>		
Adjustments in respect of prior period	(6)	17
	<hr/>	<hr/>
Total current tax (see above)	675	279
	<hr/>	<hr/>

There was no deferred tax asset or liability at either year end.

### 8 Debtors

	2005 \$000	2004 \$000
Amounts owed by parent undertaking	6,996	6,768
Amounts owed by fellow subsidiary undertakings	39,304	20,018
Other debtors	198	761
Prepayments and accrued income	87	115
	<hr/>	<hr/>
	46,585	27,662
	<hr/>	<hr/>

### 9 Creditors: amounts falling due within one year

	2005 \$000	2004 \$000
Trade creditors	561	933
Amounts owed to parent undertakings	41,578	23,535
Amounts owed to fellow subsidiary undertakings	-	1,169
Corporation tax	619	388
Other creditors	183	129
Accruals and deferred income	989	539
	<hr/>	<hr/>
	43,930	26,693
	<hr/>	<hr/>

### 10 Called up share capital

	2005 \$000	2004 \$000
<i>Authorised, allotted, called up</i>		
Equity: 1,000 ordinary shares of £1 each	2	2
	<hr/>	<hr/>



## Notes (continued)

### 11 Profit and loss account

	2005 \$000	2004 \$000
At beginning of year	1,153	559
Profit for the financial year	1,595	594
At end of year	<u>2,748</u>	<u>1,153</u>

### 12 Reconciliation of movements in shareholders' funds

	2005 \$000	2004 \$000
Profit for the financial year being net addition to shareholders' funds	1,595	594
Opening shareholders' funds	1,155	561
Closing shareholders' funds	<u>2,750</u>	<u>1,155</u>

### 13 Commitments

At the end of the financial year, the company had annual commitments under non-cancellable operating leases as follows:

	2005 Other \$000	2004 Other \$000
Operating leases which expire:		
Between two and five years	26	4

### 14 Pension schemes

The company contributes to defined contribution pension schemes operated by AON Consulting Limited. The pension cost charge for the year represents the contributions payable by the company to those schemes and amounted to \$109,000 (2004: \$109,000).

Contributions amounting to \$10,000 (2004: \$10,000) were payable to the scheme at the year end and are included in creditors.

### 15 Ultimate parent company

The company's immediate parent company is ENSCO Offshore UK Limited, a company registered in the United Kingdom. The company's ultimate parent company, which is its ultimate controlling party, is ENSCO International Incorporated incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by ENSCO International Incorporated. The consolidated accounts of this company are available to the public and a copy may be obtained from ENSCO International Incorporated, Investors Relations Dept, 500 North Akard Street, Suite 4300, Dallas, Texas 75201-3331.

The smallest group in which the results of the company are consolidated is that headed by ENSCO Offshore UK Limited. The consolidated accounts of this company are available to the public and a copy may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.