

L1851712

SIGNED

BIBBY OFFSHORE LIMITED
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2005



BIBBY OFFSHORE LIMITED

PARENT UNDERTAKING

Bibby Line Limited

ULTIMATE PARENT UNDERTAKING

Bibby Line Group Limited

DIRECTORS

Cyril Joseph Green
Howard Dennis Woodcock - Managing Director
Sean Thomas Golding
Simon Jeremy Kitchen
John Howard Hughes
Peter Hughes
Fraser John Moonie

SECRETARY

Bibby Bros. & Co. (Management) Limited

REGISTERED OFFICE

105 Duke Street
Liverpool
L1 5JQ
www.bibbyline.co.uk

Incorporated in England and Wales
Registered No. 4851172

AUDITORS

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

BIBBY OFFSHORE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report together with the audited financial statements for the 12 months ended 31 December 2005.

ACTIVITY

The principal activity of the Company is the management of offshore contracts.

TRADING RESULT AND DIVIDEND

The result for the year is set out in the profit and loss account. The directors consider the financial position of the Company at 31 December 2005 to be satisfactory.

The directors do not anticipate any major changes in the Company's trading position in the foreseeable future.

The directors do not recommend a dividend in respect of the year.

DIRECTORS AND THEIR INTERESTS

The directors during the year were:

Cyril Joseph Green

Jonathan Osborne

Howard Dennis Woodcock - appointed 24 January 2005

Simon Jeremy Kitchen - appointed 1st March 2005

Timothy William Sheehan - resigned 4 February 2005

Since the year end, Jonathan Osborne resigned as a director of the Company on 1 January 2006 and Sean Thomas Golding, Peter Hughes, John Howard Hughes and Fraser Moonie were appointed as a directors of the Company on 1 January 2006.

None of the Directors held any interests in either the shares of the Company or any of the Bibby Line Group Limited group of companies.

AUDITORS

In accordance with the Companies Act 1985 the directors have passed an elective resolution to dispense with the annual appointment of auditors, the holding of Annual General Meetings and the laying of accounts at the Annual General Meeting. KPMG LLP have expressed their willingness to remain in office.

BIBBY OFFSHORE LIMITED

DIRECTORS' REPORT FOR THE
YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

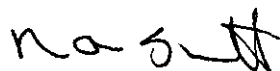
The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

By order of the Board



Bibby Bros. & Co. (Management) Limited
Secretary

31 March 2006

KPMG LLP

8 Princes Parade
Liverpool
United Kingdom

Independent auditors' report to the members of Bibby Offshore Limited

We have audited the financial statements of Bibby Offshore Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account and 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 judgments 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

KPMG LLP
Chartered Accountants
Registered Auditor

31 March 2006

BIBBY OFFSHORE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 2005

	Note	2005 US\$	17 Months to 31 December 2004 US\$
Turnover	1	55,371,317	35,512,765
Cost of sales		<u>(52,935,643)</u>	<u>(34,535,886)</u>
Operating profit		2,435,674	976,879
Interest receivable		<u>130,170</u>	<u>-</u>
Profit on ordinary activities before taxation	2	2,565,844	976,879
Taxation on profit on ordinary activities	3	<u>(716,790)</u>	<u>(269,619)</u>
Retained profit for the financial year transferred to reserves	9	<u>1,849,054</u>	<u>707,260</u>

There are no recognised gains or losses in 2005 or 2004 other than those dealt with in the profit and loss account.

The turnover and profit on ordinary activities all derive from continuing activities.

The notes on pages 7 to 11 form part of these financial statements.

BIBBY OFFSHORE LIMITED

BALANCE SHEET AS AT
31 DECEMBER 2005

	Note	2005 US\$	2004 US\$
Fixed assets:			
Tangible assets	4	<u>3,988,382</u>	<u>-</u>
Current assets:			
Stock		629,408	144,608
Debtors	5	<u>15,780,774</u>	<u>10,943,017</u>
		<u>16,410,182</u>	<u>11,087,625</u>
Creditors (amounts falling due within one year)	6	<u>(17,543,021)</u>	<u>(10,380,265)</u>
Net current (liabilities)/assets		<u>(1,132,839)</u>	<u>707,360</u>
Total assets less current liabilities		<u>2,855,543</u>	<u>707,360</u>
Provision for liabilities and charges	7	<u>299,129</u>	<u>-</u>
Capital and reserves:			
Called up share capital	8	100	100
Profit and loss account	9	<u>2,556,314</u>	<u>707,260</u>
Equity shareholders' funds	10	<u>2,556,414</u>	<u>707,360</u>
		<u>2,855,543</u>	<u>707,360</u>

Approved by the Board on 31 March 2006



S. T. Golding
Director

The notes on pages 7 to 11 form part of these financial statements.

BIBBY OFFSHORE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

Basis of preparation

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

The Financial Statements are stated in US Dollars. They have been prepared under the historical cost accounting convention as modified by the method used to translate the issued share capital to US Dollars, and in accordance with applicable Accounting Standards.

The US Dollar value of the issued share capital is arrived at by converting from Sterling at the exchange rate ruling at the date the accounts were first presented in US\$.

Turnover

Turnover is the freight and charter hire earned and is recognised at the time the relevant service is provided to customers.

Cash flows

A statement of Group cash flows has been included in the consolidated accounts presented by the parent undertaking. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

Related party transactions

Under Financial Reporting Standard 8, the Company is exempt from disclosing related party transactions with other group companies, as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

Transactions between Bibby Line Group Limited and its related parties and a statement of substantial shareholdings in Bibby Line Group Limited are included in that company's consolidated financial statements.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities is stated after (crediting)/charging:-

		17 Months to 31 December
	2005	2004
	US\$	US\$
Foreign exchange differences	(21,878)	<u>12,296</u>

There were no emoluments paid to the directors for the year. Auditors' remuneration is borne by the parent company.

BIBBY OFFSHORE LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 US\$	2004 US\$
The taxation charge comprises:		
Amount payable in respect of group relief	(417,661)	(244,198)
Foreign tax	<u>-</u>	<u>(25,421)</u>
Current tax charge	(417,661)	(269,619)
Deferred tax charge	<u>(299,129)</u>	<u>-</u>
	<u>(716,790)</u>	<u>(269,619)</u>

Factors affecting the tax charge for the year:

The current tax charge is lower than the anticipated charge. The anticipated current tax charge is based on the average rate of tax across the company.

The differences are explained as follows:

	2005 US\$	2004 US\$
Profit on ordinary activities before taxation	<u>2,565,844</u>	<u>976,879</u>
Profit on ordinary activities multiplied by the rate of tax of 30% (2004 - 30%)	(769,753)	(293,064)

Effects of:

Surrender of group relief at less than full value	46,407	29,676
Effects of foreign exchange	6,557	(3,689)
Effect of foreign tax	-	(2,542)
Difference between capital allowances and depreciation	<u>299,128</u>	<u>-</u>
Current tax charge for the year	<u>(417,661)</u>	<u>(269,619)</u>

4. TANGIBLE ASSETS

	Plant & Equipment US\$
Cost:	
Additions	<u>3,988,382</u>
At 31 December 2005	<u>3,988,382</u>
Depreciation:	
At 31 December 2005	<u>-</u>
Net book amount at 31 December 2005	<u>3,988,382</u>
Net book amount at 31 December 2004	<u>-</u>

BIBBY OFFSHORE LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

5. DEBTORS

	2005 US\$	2004 US\$
Trade debtors	15,474,980	10,843,853
Other debtors	305,794	18,750
Prepayment and earned income	<u>-</u>	<u>80,414</u>
	<u>15,780,774</u>	<u>10,943,017</u>

6. CREDITORS

(Amounts falling due within one year)

	2005 US\$	2004 US\$
Amounts owed to group undertaking	16,694,406	8,573,141
Accruals and deferred income	<u>848,615</u>	<u>1,807,124</u>
	<u>17,543,021</u>	<u>10,380,265</u>

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

7. PROVISION FOR LIABILITIES AND CHARGES

	Deferred Taxation US\$
Charged to the profit and loss account in the year	<u>299,129</u>
At 31 December 2005	<u>299,129</u>

The deferred taxation liability is in respect of accelerated capital allowances.

8. CALLED UP SHARE CAPITAL

	2005 US\$	2004 US\$
Allotted and fully paid:		
100 ordinary equity shares of \$1 each	<u>100</u>	<u>100</u>
Authorised:		
1,000 ordinary equity shares of \$1 each	<u>1,000</u>	<u>1,000</u>

BIBBY OFFSHORE LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

9. RESERVES

Profit & Loss
Account
US\$

At 1 January 2005	707,260
Profit for the financial year	<u>1,849,054</u>
At 31 December 2005	<u>2,556,314</u>

10. RECONCILIATION OF MOVEMENTS IN
EQUITY SHAREHOLDERS' FUNDS

17 Months to
31 December
2005
US\$

Opening equity shareholders' funds	707,360	-
New share capital subscribed	-	100
Profit for the financial year	<u>1,849,054</u>	<u>707,260</u>
Closing equity shareholders' funds	<u>2,556,414</u>	<u>707,360</u>

11. OPERATING LEASE COMMITMENTS

2005
US\$

2004
US\$

The Company has the following annual commitments
under operating leases which expire:

Within one year	-	-
Between two and five years	-	-
After five years	<u>11,140,229</u>	<u>-</u>

12. CAPITAL COMMITMENTS

2005
US\$

2004
US\$

Capital expenditure for which contracts have been
placed but which are not otherwise provided for
in these Financial Statements

<u>5,765,790</u>	<u>-</u>
------------------	----------

BIBBY OFFSHORE LIMITED

NOTES TO THE ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 2005 (CONTINUED)

13. PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Bibby Line Limited, which itself is a wholly owned subsidiary undertaking of Bibby Line Group Limited both of which are registered in England. Bibby Line Group Limited is the parent undertaking of the largest group which consolidates these accounts and of which the Company is a member. Bibby Line Limited is the parent undertaking of the smallest group which consolidates these accounts and of which the Company is a member.

Copies of the Group financial statements may be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ (www.bibbygroup.co.uk).