

SIGNED

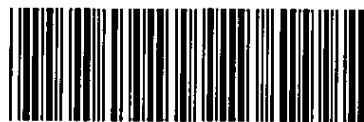
Company Registration No. 4851172

BIBBY OFFSHORE LIMITED

Report and Financial Statements

31 December 2008

FRIDAY



AKX8XC08

A12

31/07/2009

45

COMPANIES HOUSE

BIBBY OFFSHORE LIMITED

Report and financial statements 2008

Contents	Page
Officers and professional advisers	1
Directors' report	2
Independent auditors' report	6
Consolidated profit and loss account	7
Parent company and consolidated balance sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	10

BIBBY OFFSHORE LIMITED

Report and financial statements 2008

Officers and professional advisers

Directors

Sir Michael Bibby
Cyril Joseph Green
Jonathan Haymer
Howard Dennis Woodcock
Sean Thomas Golding (resigned 24 April 2008)
Charles Gordon Clark
Peter Hughes
Fraser John Moonie
John Howard Hughes
David James Forsyth (appointed 1 January 2008)

Secretary

Bibby Bros & Co (Management) Limited

Registered office

105 Duke Street
Liverpool
L1 5JQ

Legal advisors

McGrigors LLP
Aberdeen
AB10 1UD

Bankers

Royal Bank of Scotland
Aberdeen
AB10 1YN

Independent auditors

Deloitte LLP
Aberdeen

BIBBY OFFSHORE LIMITED

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal activity and business review

Bibby Offshore Limited (the group) is a wholly-owned subsidiary of Bibby Line Group Limited and acts as the holding company for Bibby Line Group's offshore and subsea activities.

The group's principal activities continue to be the ownership and management of assets and the provision of management services in offshore industries across the world. There have not been any significant changes in the group's principal activities in the year under review. The Directors are not, at the date of this report, aware of any likely major changes in the group's activities in the next year. The group seeks investment opportunities in existing and new business areas with a view to implementing its policy of expansion. There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

As shown in the profit and loss account on page 6, the group's turnover has increased by 27% over the prior year although the group operating profit has reduced by 20%. The increased turnover result reflects the addition of Bibby Topaz to the fleet in April 2008. There were several factors behind the reduced operating profit, not least of which was the downturn in activity experienced in Q4 as a result of the dramatic fall in the oil price. Additional costs associated with bringing Bibby Topaz into service was also a significant factor, although this investment saw immediate return with a six month contract to a major client. Bibby Topaz has since established herself as the premier asset of her kind in the North Sea region.

The group's balance sheet on page 7 of the financial statements shows a healthy position with a well capitalised structure and scope for debt. The large inter-company creditor balance, included within current liabilities in 2007, was converted to equity shares during 2008 and this has vastly improved the presentation of the balance sheet.

The group manages its non-financial performance using Key Performance Indicators, KPI's. The indicators used measure performance for safety criteria. Lost Time Injury Frequency Actual 0.38, Target 1.0 (2007: Actual 1.61, Target 0.80) and First Aid Case Frequency Actual 6.88, Target 4.5, (2007: Actual 12.86, Target 4.5) where both are measures of hours lost per 100,000 working hours. The group's key financial KPI's are sales, gross margin, working capital ratios and operating cashflows which are self evident in the financial statements.

BIBBY OFFSHORE LIMITED

Directors' report (continued)

Principal risks and uncertainties

Competitive pressure in international markets is a continuing risk for the group. To manage this risk, the group strives to provide well maintained and safe assets, added value services, prompt responses to customer queries, and the continuation of strong relationships with customers. The group provides assets and services into international markets and it is therefore exposed to currency movements on such sales, which it manages, as far as is possible through matching costs in the same currencies. Pricing risks are managed by negotiating supplier costs with reference to end customer pricing as far as possible. Demand risk is created by changes in the oil price which feeds through to the level of planned operating expenditure by large customers. The risk is managed via consideration of the contracts available, utilising contracts of differing length and margin to ensure utilisation of the vessels being managed to be cash generative and profitable.

Going concern

The decline of the global economy and the changes in the oil price in the past 12 months has creates risk for capital expenditure, and to a lesser extent operating expenditure, within the oil and gas industry.

The directors expect 2009 trading to be in line with 2008 as there will be a full year of running three vessels, and they expect the group and company to continue to be cash generative and profitable. This is then expected to be the case through early 2010. The company will meet its day to day working capital requirements through cash generation and balances held.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group and company should be able to operate using the cash reserves and liquidity expected to be generated subsequently.

After making enquiries, as per above, the directors have formed a judgment that at the time of approving the financial statements, there is a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Corporate governance

The group strives to maintain the highest standards in corporate governance and bases its actions on the principles of openness, integrity and accountability. Audit and remuneration committees exist within Bibby Line Group Limited which also cover the activities of this group.

Environment

The group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the group's impact on the environment include recycling, reducing energy consumption and the introduction of a carbon neutral company car policy from the start of 2007.

Employees

The group is committed to the continuing development of effective employee communication, including regular publication of company magazines. It is the policy of the group to ensure that all sections of the community have an equal opportunity in matters related to employment. The group operates no pension schemes, but is a member of its parent company's schemes.

It is the group's policy to promote the understanding and involvement of all employees in its business and performance.

The policy of the group is to give full and fair consideration to applications for employment made by disabled persons. If any employee becomes disabled whilst employed by a group company, every effort is made to find suitable continuing employment, with re-training as necessary. Disabled persons share equally in the opportunities available for training, career development and promotion.

Dividends

No dividends were declared in the year (2007: £259,000).

BIBBY OFFSHORE LIMITED

Directors' report (continued)

Directors

The present membership of the board is set out on page 1.

Charitable and political donations

No charitable or political donations were made during the year (2007: none).

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware;
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP were appointed auditors during the year.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



C Clark
Director

6 May 2009

BIBBY OFFSHORE LIMITED

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and of the profit or loss of the group 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 the financial statements comply with the Companies Act 1985. 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 BIBBY OFFSHORE LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Bibby Offshore Limited for the year ended 31 December 2008 which comprise the consolidated profit and loss account, the parent company and consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 26. 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 auditors' 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 group's and 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 United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008, and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP

Chartered Accountants and Registered Auditors

Aberdeen

8 May 2009

BIBBY OFFSHORE LIMITED

Consolidated profit and loss account Year ended 31 December 2008

	Note	2008 £	2007 £
Group turnover: continuing operations	2	118,979,862	94,006,575
Cost of sales		(103,362,429)	(77,102,318)
Gross profit		15,617,433	16,904,257
Administrative expenses		(7,075,259)	(6,336,279)
Operating profit: continuing operations		8,542,174	10,567,978
Interest receivable and similar income	3	271,017	98,589
Interest payable and similar charges	4	(35,491)	(79,030)
Profit on ordinary activities before taxation	5	8,777,700	10,587,537
Tax on profit on ordinary activities	6	(2,136,376)	(4,730,963)
Profit for the financial year	14	6,641,324	5,856,574

There are no recognised gains and losses other than those included in the profit and loss account in the current or prior year. Accordingly no Statement of Total Recognised Gains and Losses is presented.

BIBBY OFFSHORE LIMITED

Parent company and consolidated balance sheet At 31 December 2008

		Company		Group	
	Note	2008	2007	2008	2007
		£	£	£	£
Fixed assets					
Investments	7	100	100	-	-
Tangible assets	8	17,959,303	21,291,611	17,959,303	21,811,250
		<u>17,959,403</u>	<u>21,291,711</u>	<u>17,959,303</u>	<u>21,811,250</u>
Current assets					
Stocks	9	763,679	350,068	950,792	436,686
Debtors	10	32,322,056	27,504,319	31,660,444	28,020,364
Cash at bank and in hand		<u>5,064,070</u>	<u>2,461,732</u>	<u>5,064,070</u>	<u>2,461,732</u>
		<u>38,149,805</u>	<u>30,316,119</u>	<u>37,675,306</u>	<u>30,918,782</u>
Creditors: amounts falling due within one year	11	(22,007,365)	(39,030,244)	(22,377,844)	(41,169,165)
Net current assets/(liabilities)		<u>16,142,440</u>	<u>(8,714,125)</u>	<u>15,297,462</u>	<u>(10,250,383)</u>
Total assets less current liabilities		<u>34,101,843</u>	<u>12,577,586</u>	<u>33,256,765</u>	<u>11,560,867</u>
Provisions for liabilities and charges	12	<u>2,528,788</u>	<u>4,325,964</u>	<u>2,117,378</u>	<u>4,062,654</u>
Capital and reserves					
Called up share capital	13	17,000,000	150	17,000,000	150
Profit and loss account	14	<u>14,573,055</u>	<u>8,251,472</u>	<u>14,139,387</u>	<u>7,498,063</u>
Total shareholders' funds	15	<u>31,573,055</u>	<u>8,251,622</u>	<u>31,139,387</u>	<u>7,498,213</u>
		<u>34,101,843</u>	<u>12,577,586</u>	<u>33,256,765</u>	<u>11,560,867</u>

These financial statements were approved by the Board of Directors on 6 May 2009.

Signed on behalf of the Board of Directors



C Clark
Director

BIBBY OFFSHORE LIMITED

Consolidated cash flow statement Year ended 31 December 2008

	Note	2008 £	2008 £	2007 £	2007 £
Net cash inflow from operating activities	16		7,457,678		6,631,224
Returns on investment and servicing of finance:					
Interest received		271,017		98,612	
Interest paid		(35,491)		(79,030)	
			235,526		19,582
Taxation:					
Corporation tax paid		(3,297,552)		(922,399)	
Foreign tax paid		(690,767)		(334,433)	
			(3,988,319)		(1,256,832)
Capital expenditure and financial investment:					
Purchase of tangible fixed assets			(1,102,547)		(2,955,089)
Dividends paid on equity shares			-		(259,000)
<i>Cash inflow before financing</i>			2,602,338		2,179,885
Financing:					
Finance from other group companies		-		1,477,420	
Repayment of amounts borrowed		-		(1,348,866)	
			-		128,554
Increase in cash	17		2,602,338		2,308,439

BIBBY OFFSHORE LIMITED

Notes to the financial statements Year ended 31 December 2008

1. Accounting policies

Basis of preparation

The following accounting policies have been applied consistently in dealing with items considered to be material to the group and company's financial statements. The financial statements have been prepared in accordance with UK GAAP.

The financial statements have been prepared on a going concern basis, which is discussed in the Directors' Report under the heading 'Going Concern'.

Basis of consolidation

The group financial statements consolidate the financial statements of the parent company and all its subsidiaries by the merger method of accounting.

As a consolidated profit and loss is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Tangible fixed assets and depreciation

Fixed assets are included at cost, less depreciation. Additions are stated at cost.

Depreciation is provided on a straight line basis to write off the cost of tangible fixed assets over their expected useful economic lives to their expected residual value. The rates of depreciation are as follows:

Fleet	5 years
Plant and equipment	1 to 5 years

Drydock costs

For all vessels, costs associated with the periodic drydocking of vessels are written off in the year in which the drydock takes place.

Stock

Stock is stated at the lower of cost and net realisable value.

BIBBY OFFSHORE LIMITED

Notes to the financial statements **Year ended 31 December 2008**

1. Accounting policies (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

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.

Pension costs

Bibby Offshore Limited is a member of the Bibby Line Group Limited Pension Scheme but is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis therefore, as required by FRS 17 "Retirement Benefits", Bibby Offshore Limited continues to account for the Scheme as if it was a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the pension scheme in respect of the accounting period. Differences between the amounts charged in the profit and loss account and payments made to the pension scheme are treated as liabilities. The disclosures required by FRS 17 have been incorporated in note 25.

Operating leases

Lease rentals are charged to the profit and loss account on a straight line basis over the lease terms.

Fixed asset investments

Fixed asset investments are shown at cost. On consolidation the difference between the nominal value of shares issued and the net liabilities of Bibby Freighters Limited on acquisition is recorded as a dividend in group reserves.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at cost incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on accounts.

2. Turnover

Turnover, which is derived from international business, is the charter hire earned plus service revenues and is recognised at the time the relevant service is provided to customers. Turnover in respect of long term contracts is discussed in the note 1 above. The directors consider all activities of the group to be managed within the UK and to all fall within the offshore sector and, therefore, believe no segmental reporting is required.

BIBBY OFFSHORE LIMITED

Notes to the financial statements Year ended 31 December 2008

3. Interest receivable and similar income

	2008 £	2007 £
Bank interest receivable	<u>271,017</u>	<u>98,589</u>

4. Interest payable and similar charges

	2008 £	2007 £
On bank loans and overdrafts	35,491	63,441
Other	-	15,589
	<u>35,491</u>	<u>79,030</u>

5. Profit on ordinary activities before taxation

	2008 £	2007 £
Profit before taxation is stated after charging:		
Staff costs		
Wages and salaries	4,788,831	2,350,204
Social security costs	485,142	268,658
Other pension costs	210,302	107,830
Depreciation of owned assets (note 8)	4,954,494	4,355,552
Exchange (gains)/losses	(122,838)	163,281
Operating lease costs		
Hire of plant and machinery	13,575,805	5,481,418
Other	426,688	223,095
Amounts receivable by auditors and their associates in respect of audit of these financial statements		
Group	22,000	14,000
Parent company	<u>19,000</u>	<u>11,000</u>

Audit fees prior to 2008 were borne solely by the parent company.

The company staff costs are equal to those shown above.

BIBBY OFFSHORE LIMITED

Notes to the financial statements Year ended 31 December 2008

6. Taxation

	2008 £	2008 £	2007 £	2007 £
The taxation charge comprise:				
Corporation tax payable – UK	(2,367,731)		(2,705,552)	
Corporation tax payable – overseas	(1,585,763)		-	
Corporation tax in respect of prior periods	(128,158)		830	
Current tax charge		(4,081,652)		(2,704,722)
Deferred tax credit/(charge)				
Current year	1,385,276		(23,456)	
Adjustment to deferred tax in respect of prior periods:	560,000		(2,002,785)	
Deferred tax credit/(charge)		1,945,276		(2,026,241)
Total tax charge		(2,136,376)		(4,730,963)

Factors affecting current period tax charge for the year:

The current tax charge is higher (2007: lower) than the anticipated charge. The anticipated tax charge is based on the average rate of tax across the group.

The differences are reconciled below:

	2008 £	2007 £
Profit on ordinary activities before taxation	8,777,700	10,587,537
Profit on ordinary activities multiplied by the rate of tax of 28.5% (2007: 30%)	(2,501,645)	(3,176,261)
Effects of:		
Difference between capital allowances and depreciation	(1,410,009)	137,799
Non-deductible costs	(39,840)	(38,274)
Effects of non-recoverable overseas taxation	(2,000)	-
Effect of prior period tax charges	(128,158)	830
Impact of transfer pricing adjustments	-	371,184
Current tax charge	(4,081,652)	(2,704,722)

7. Investments

	Company £
At 31 December 2008 and 31 December 2007	100

Details of shares held in subsidiary and associated undertakings are given in note 24.

BIBBY OFFSHORE LIMITED

Notes to the financial statements Year ended 31 December 2008

8. Tangible assets

		Plant & equipment £		
Company				
Cost				
At 1 January 2008		24,608,152		
Additions		1,102,547		
At 31 December 2008		25,710,699		
Depreciation				
At 1 January 2008		3,316,541		
Charge for the year		4,434,855		
At 31 December 2008		7,751,396		
Net book amount				
At 31 December 2008		17,959,303		
At 31 December 2007		21,291,611		
Group				
		Plant & equipment £	Fleet £	Total £
Cost				
At 1 January 2008		24,608,152	5,195,051	29,803,203
Additions		1,102,547	-	1,102,547
At 31 December 2008		25,710,699	5,195,051	30,905,750
Depreciation				
At 1 January 2008		3,316,541	4,675,412	7,991,953
Charge for the year		4,434,855	519,639	4,954,494
At 31 December 2008		7,751,396	5,195,051	12,946,447
Net book amount				
At 31 December 2008		17,959,303	-	17,959,303
At 31 December 2007		21,291,611	519,639	21,811,250

BIBBY OFFSHORE LIMITED

Notes to the financial statements Year ended 31 December 2008

9. Stocks

	Company		Group	
	2008	2007	2008	2007
	£	£	£	£
Stocks	763,679	350,068	950,792	436,686

10. Debtors

	Company		Group	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	26,954,578	18,595,490	26,954,578	18,595,490
Other debtors	33,875	947,184	391,924	1,463,229
Amounts owed by other group companies	2,986,855	-	1,967,194	-
Prepayments and accrued income	2,346,748	7,961,645	2,346,748	7,961,645
	<u>32,322,056</u>	<u>27,504,319</u>	<u>31,660,444</u>	<u>28,020,364</u>

11. Creditors: amounts falling due within one year

	Company		Group	
	2008	2007	2008	2007
	£	£	£	£
Trade creditors	6,272,080	18,226,605	6,272,080	18,226,605
Corporation tax payable	1,087,850	1,186,910	1,412,727	1,319,394
Amounts owed to other group companies	2,484,769	18,535,709	2,534,769	20,179,206
Other creditors	-	340,858	-	340,858
Taxation and social security	1,578,982	230,285	1,578,982	230,285
Accruals and deferred income	10,583,684	509,877	10,579,286	872,817
	<u>22,007,365</u>	<u>39,030,244</u>	<u>22,377,844</u>	<u>41,169,165</u>

BIBBY OFFSHORE LIMITED

Notes to the financial statements Year ended 31 December 2008

12. Provisions for liabilities and charges

	Reinstatement provision £	Deferred taxation £	Total £
Parent company			
At 1 January 2008	2,000,000	2,325,964	4,325,964
Credit in the year	-	(1,797,176)	(1,797,176)
	<u>2,000,000</u>	<u>528,788</u>	<u>2,528,788</u>
At 31 December 2008			
	<u>2,000,000</u>	<u>528,788</u>	<u>2,528,788</u>
	Reinstatement provision £	Deferred taxation £	Total £
Group			
At 1 January 2008	2,000,000	2,062,654	4,062,654
Credit in the year (note 6)	-	(1,945,276)	(1,945,276)
	<u>2,000,000</u>	<u>117,378</u>	<u>2,117,378</u>
At 31 December 2008			
	<u>2,000,000</u>	<u>117,378</u>	<u>2,117,378</u>

The deferred tax liability relates to capital allowances claimed in advance of depreciation charged on the vessel. The re-instatement provision has been created under the terms of the lease of a vessel which was converted into a dive support vessel during 2006 and 2007. At the end of the lease the lessor can require the vessel to be returned in the same condition as which it was supplied, which would require plant and machinery to be removed. The £2,000,000 is a third party estimate of the costs for this removal. Should this be necessary the earliest the provision would be utilised is 2012, when the primary period of the lease expires.

BIBBY OFFSHORE LIMITED

Notes to the financial statements Year ended 31 December 2008

13. Called up share capital

	Authorised 2008 £	2007 £	Allotted & fully paid 2008 £	2007 £
Ordinary equity shares of £1 each	25,000,000	-	16,999,850	-
Ordinary equity shares of \$1 each	500	500	150	150
			<u>17,000,000</u>	<u>150</u>

During the year, the company increased its authorised share capital to include 25,000,000 ordinary shares of £1 each. 16,999,850 ordinary shares of £1 each were then issued to the existing shareholder at par to increase the capital base of the company. Consideration received was in the form of the settlement of an intercompany amount of equal value.

All shares rank pari passu.

14. Profit and loss account

Company	£
As at 1 January 2008	8,251,472
Profit for the year	<u>6,321,583</u>
As at 31 December 2008	<u>14,573,055</u>
 Group	 £
At 1 January 2008	7,498,063
Profit for the financial year	<u>6,641,324</u>
At 31 December 2008	<u>14,139,387</u>

BIBBY OFFSHORE LIMITED

Notes to the financial statements Year ended 31 December 2008

15. Reconciliation of movements in shareholders' funds

	Company		Group	
	2008	2007	2008	2007
	£	£	£	£
Profit for the financial year	6,321,583	5,893,450	6,641,324	5,856,574
New share capital issued	16,999,850	100	16,999,850	100
Dividends paid	-	(259,000)	-	(259,000)
Net addition to shareholders' funds	23,231,433	5,634,550	23,641,174	5,597,674
Opening shareholders' funds	8,251,622	2,617,072	7,498,213	1,900,539
Closing shareholders' funds	31,573,055	8,251,622	31,139,387	7,498,213

16. Reconciliation of operating profit to net cash inflow from operating activities

	2008	2007
	£	£
Operating profit	8,542,174	10,567,978
Depreciation	4,954,494	4,355,552
Increase in debtors	(3,640,080)	(16,137,833)
(Decrease)/increase in creditors	(1,884,804)	7,896,488
Increase in stock	(514,106)	(50,961)
	<u>7,457,678</u>	<u>6,631,224</u>

17. Reconciliation of net funds/(debt)

	2008	2007
	£	£
Increase in cash in the year	2,602,338	2,308,439
Decrease in loans	-	1,348,866
Change in net funds from cash flows	2,602,338	3,657,305
Net funds/(debt) at 1 January	2,461,732	(1,195,573)
Net funds at 31 December	<u>5,064,070</u>	<u>2,461,732</u>

BIBBY OFFSHORE LIMITED

Notes to the financial statements Year ended 31 December 2008

18. Analysis of net funds

	1 January 2008 £	Cash flow £	31 December 2008 £
Cash at bank and in hand	2,461,732	2,602,338	5,064,070

19. Dividends paid

	2008 £	2007 £
On Ordinary shares of \$1 each	-	259,000

20. Emoluments of directors

	2008 £	2007 £
Aggregate emoluments	908,451	523,569

Retirement benefits are accruing to one (2007: one) director under a defined benefit scheme. Three (2007: three) of the directors are in money purchase pension schemes and contributions in the year were £48,341 (2007: £44,244).

	2008 £	2007 £
Highest paid director		
Total amount of emoluments (excluding pension contributions)	274,163	191,326

The highest paid director is a member of the retirement benefit pension scheme. At 31 December 2008, accrued benefits totalled £26,926 (2007: £22,389).

21. Particulars of employees

	2008 No	2007 No
The average number of employees during the year was:		
Administration	49	47
Marine staff	22	41
	71	88

BIBBY OFFSHORE LIMITED

Notes to the financial statements Year ended 31 December 2008

22. Operating lease commitments

Company and group

	2008		2007	
	Property £	Other £	Property £	Other £
The Group has the following annual commitments under operating leases which expire:				
Between two and five years	-	18,894,116	211,000	16,775,000
After five years	427,000	-	206,000	-
	<u>427,000</u>	<u>18,894,116</u>	<u>417,000</u>	<u>16,775,000</u>

23. Capital commitments

	Company		Group	
	2008 £	2007 £	2008 £	2007 £
Capital expenditure for which contracts have been placed but which are not otherwise provided for in these financial statements	<u>606,578</u>	<u>108,000</u>	<u>606,758</u>	<u>108,000</u>

24. Subsidiary undertakings

	Percentage of equity share capital held	Country of incorporation	Types of business
Subsidiary undertakings			
Bibby Freighters Limited	100	United Kingdom	Shipping
Bibby Offshore (Guernsey) Limited	100	Guernsey	Crew supply

BIBBY OFFSHORE LIMITED

Notes to the financial statements Year ended 31 December 2008

25. Pension costs

The company participates in the Bibby Line Group Pension Scheme (the "Scheme"), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000. The latest actuarial valuation of the scheme was carried out by a qualified independent actuary as at 6 April 2005 using the projected unit method and showed the Scheme to be 88% funded. Further actuarial information is given in the accounts of Bibby Line Group Limited. The contributions made by the company over the financial year to this Scheme have been £115,142 equivalent to 18.1% (2007: £32,744, 18.1%), of pension pay.

The company also participates in various defined contribution schemes for new employees. The contributions made by the company over the financial year to such schemes have been £46,819 (2007: £75,086). Outstanding contributions at the balance sheet date to all pension arrangements amounted to £2,733 (2007: £nil).

FRS17 Disclosures

As noted above and under accounting policies (note 1) the company participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £7,931,000 (2007: £6,366,000) is noted. Further information is provided in the financial statements of the ultimate holding company.

26. Ultimate parent company

Controlling entity

The company is a wholly owned subsidiary undertaking of Bibby Line Group Limited, the ultimate parent company, a company registered in England. Bibby Line Group Limited is the parent undertaking of the largest and smallest group which consolidates these financial statements 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).

Transactions with fellow group companies

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