Company Number 48947

RGC OFFSHORE LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2009

RGC OFFSHORE LIMITED

DIRECTOR'S REPORT

The Sole Director presents his report and the audited financial statements for the year ended 31 December 2009

Activity and Prospects

The Company is a member of the TH Global group of companies. The Group is engaged in a work-out process and is reducing its operating activities. The work out is a financial and organisational restructuring aimed at (i) achieving viable long term solutions for its remaining businesses and (ii) resolving its outstanding disputes and liablities in the best interests of creditors and shareholders under the existing circumstances. The Group has divested its operating businesses. The Group continues in its other objective to wind up residual liabilities and responsibilities arising out of past activities, transactions, events and circumstances as soon as practicable.

The Company has ceased trading. Prior to 1 October 1994 the Company's principal activity was the construction of offshore structures for UK and overseas oil and gas projects. After that date this activity was carried out by its parent, Kvaerner Oil & Gas Limited.

During the year the Company paid the final instalment of the consideration given for the disposal of its leasehold interest in the Methil Yard at Fife, Scotland in 2006.

The Company's residual liability is responsibility for industrial disease claims lodged against the Company by former employees arising from the circumstances of the past activities of the Company.

As a past employer and operator of engineering businesses, the Company is the recipient of claims by former employees alleging that they have suffered bodily injury as a result of industrial diseases caused during the course of the claimant's employment with the Company. These claims do not arise until many years after the relevant employment ceased (- medical conditions may not develop until much later). The Company together with its insurance carriers and outside claims handlers and counsel review each claim that is pursued by claimants. In those cases where a compensatable disease exposure during the course of employment and causation can be established by claimants the Company's approach is to seek to resolve claims for amounts that reflect the type of disease, the seriousness of the injury, the age of the claimant, the particular jurisdiction of the claim and the number and solvency of other defendants.

Financial Statements and Dividend

The audited financial statements for the year ended 31 December 2009 are set out on pages 4 to 8 inclusive.

These audited financial statements have not been prepared on a going concern basis.

The result for the year after taxation was £Nil (2008: £Nil).

The Company has a deficit on its profit and loss account. Consequently no dividend can be paid (2008: £nil).

Director

Rufus Laycock held office throughout the year and continues in office at the date of this report.

Disclosure of Information to Auditors

The Sole Director who held office at the date of approval of this Director's Report confirms that, so far as he is aware, there is no relevant audit information of which the Company's Auditors are unaware, and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Rufus Laycock

Rufus Laycock
Sole Director

Date: 29 September 2010

Registered Office
Surrey House, 36-44 High Street
Redhill, Surrey, RH1 1RH

RGC OFFSHORE LIMITED

Statement of director's responsibilities in respect of the Director's Report and the financial statements

The Sole Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the Sole Director to prepare financial statements for each financial year Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Sole Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements the Sole Director is 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

These financial statements have been prepared on a basis other than the going concern basis

The Sole Director is 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 him to ensure that the financial statements comply with the Companies Act 2006 He has 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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS RGC OFFSHORE LIMITED

We have audited the financial statements of RGC Offshore Limited for the year ended 31 December 2009 set out on pages 4 to 8 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements

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 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

As explained more fully in the Director's Responsibilities Statement set out on page 2, the sole director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and result for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Mike Maloney (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

Date 30 September 2010

RGC OFFSHORE LIMITED

Profit and Loss Account for the year ended 31 December 2009

	Note	Year ended 31/12/2009 £'000	Year ended 31/12/2008 £'000
Loss on ordinary activities before taxation	2	-	-
Tax on loss on ordinary activities	3	-	-
Loss for the financial year	9	-	-

All activities derive from discontinued operations

The Company has no recognised gains or losses for either year other than the result for the year

Accordingly a statement of total recognised gains and losses has not been prepared

The notes on pages 6 to 8 form an integral part of these financial statements

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RGC OFFSHORE LIMITED

Balance Sheet as at 31 December 2009

	Note	2009 £'000	2008 £'000
CURRENT ASSETS			
Debtors	4	-	100
CREDITORS amounts falling due within one year			
Creditors	5	-	(100)
NET ASSETS		-	-
CAPITAL AND RESERVES			
Share capital - called up	7	4 300	4 300
Other reserves	8	700	700
Profit and loss account	8	(5 000)	(5 000)
EQUITY SHAREHOLDERS' FUNDS	9	-	-

The notes on pages 6 to 8 form an integral part of these financial statements

These financial statements were approved by the Sole Director on 29 September 2010

Rufus Laycock

Rufus Laycock
Sole Director

RGC OFFSHORE LIMITED

Notes to the Accounts

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

(a) Basis of accounting

The financial statements have not been prepared on the going concern basis

The company is engaged in a work-out process together with the other members of the TH Global Group The purpose and activity of the work-out is explained in the Directors' Report

At the date of approval of these financial statements it is the opinion of the Sole Director of the Company that it is in the best interests of creditors of the Company for there to be a work-out process, involving seeking agreement with creditors in relation to outstanding borrowings disputes liabilities and legacy issues and based on the current expectation that the disputes and liabilities are capable of being resolved through a negotiated settlement process out of the funds, cash flows and assets realisations available based on all known factors The Sole Director explores a range of appropriate strategic and financial alternatives to achieve the Company's objectives which may include obtaining agreement to compromise indebtedness

The Sole Director of the Company recognises and reports that the work-out is subject to significant issues indicating material uncertainties and risks which may cause significant doubt on the Group's ability to continue as a going concern for the foreseeable future if actual results were to differ materially from those anticipated These uncertainties relate to

- whether the outcome of a number of existing claims including industrial disease compensation claims (incurred and incurred but not reported) and overseas taxation claims will be as estimated
- whether the settlement consideration in relation to the Group's outstanding liabilities will be within the expected range and timing and
- whether the actual consideration received upon disposal of the remaining Group's assets will be as estimated

In preparing these financial statements, the Sole Director has taken into account Group Management s best estimates to forecast cash movements over the next 12 months from the date of these accounts These estimates and forecasts indicate that the Group has the ability to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business However these estimates are based on assumptions including values and timing of expected liabilities settlement claims outcome and assets disposal and therefore subject to the material uncertainties aforementioned The going concern assessment did not consider the period beyond 12 months from the date of signing of the financial statements and whether the Group would continue to be in a position where it could continue to pay (or resolve through negotiated settlement) its liabilities as they fall due

Given the above there is a material uncertainty in relation to intercompany balances because of the complex web of intercompany indebtedness subsisting in the TH Global Group such that the actual recovery may be significantly less than the reported balance in part due to the uncertainty regarding the settlement of the Group's obligations No provision has been made in the financial statements in relation to this uncertainty The carrying values of receivables from Group companies having a net deficiency of assets are assessed individually at year-end and a provision is booked against them where appropriate

(b) Accounting convention

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

(c) Related parties and cash flow statement

Under Financial Reporting Standard 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

The Company is exempt under the terms of FRS 8 from the requirements to disclose transactions with entities that are part of the Group on the grounds that a parent undertaking includes the Company in its own published consolidated accounts

(d) Taxation

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

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RGC OFFSHORE LIMITED

Notes to the Accounts (continued)

2 Loss on ordinary activities before taxation

No auditors' remuneration has been charged as this has been borne by a fellow group undertaking The auditors' remuneration related to the audit of the company's financial statements was £2 652 (2008 £2,500)

The Company has no employees

The Sole Director did ot receive any emoluments for his services in the year (2008 £nil)

3 Tax on loss on ordinary activities	2009	2008
Recognised in the profit and loss account	£'000	£'000
UK corporation tax		
UK Corporation tax on loss for the year	-	-
Foreign tax on loss for the year	-	-
Total current tax and tax on loss on ordinary activities	-	-

Factors affecting the current tax charge	2009	2008
	£'000	£'000
The tax assessed for the year is the same as (2008 same as) the standard rate of corporation tax in the United Kingdom The reconciliation is as follows		
Loss on ordinary activities before taxation	-	-
Taxation charge at UK corporation tax rate of 28% (2008 28 5%)	-	-
Effect of		
Expenditure not deductible for tax	-	-
Current tax charge and tax on loss on ordinary activities	-	-

Factors affecting future tax charges

It is anticipated that any future taxable income in this company will be sheltered from tax by utilisation of group relief from other Group companies, and, where possible, the use of the Group's tax losses arising in prior years

The TH Global Limited UK tax group has brought forward tax losses estimated at £301 million, capital losses of £538 million and surplus ACT of approximately £159 million

There is no potential liability to deferred taxation (2008 £nil)

4 Debtors	2009	2008
	£'000	£'000
Amount owed by parent undertaking	-	100

The Company has provided for the permanent diminution in the value of the net loan receivable As explained in Note 5 below the Company's parent company and intermediate parent company have agreed that the Company's payment obligation be settled equal to the payment liability as due from the parent company

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RGC OFFSHORE LIMITED

Notes to the Accounts (continued)

5 Creditors due within one year	2009	2008
	£'000	£'000
Other creditors	-	100

Other creditors represents the consideration payable in respect of the surrender by the Company of its leasehold interest in Methil Yard, Fife The amount is payable by instalment The final instalment was paid during the year The Company's parent company and intermediate parent company have agreed that payment will be made through the drawdown of the loan receivable from the parent company

6 Contingent liabilities

As a past employer and operator of engineering businesses, the Company is the recipient of industrial injury and disease claims submitted by former employees On the various legal and financial restructurings which occurred in the former Kvaerner group the Company retained responsibility in the great majority of cases for industrial injury and disease claims resulting from its former activities Claims do not arise until many years after the relevant employment ceased (- medical conditions may not develop until much later) The nature of these industrial diseases - their causation, progress and latency periods is such that it is neither possible to know with any certainty the timing of submission of claims nor to measure with any reliability the number of future claims and the cost of settlement The Company provides for the estimated cost of incurred claims less insurance recoveries Where it is not possible to make a reasonable estimate no provision is made No provision is made in respect of claims not yet received and verified The future receipt and settlement of these claims could result in additional liabilities
At 31 December 2009 the estimated cost of incurred claims less insurance recoveries was below the reporting threshold (£000s) of these financial statements

7 Share capital	2009	2008
	£'000	£'000
Authorised		
7,000,000 shares of £1 each	7 000	7 000
Allotted, called up and fully paid		
4,300 000 shares of £1 each	4,300	4,300

8 Reserves	Other reserves	Profit and loss account
	£'000	£'000
As at 1 January 2009 and 31 December 2009	700	(5 000)

9 Reconciliation of movements in shareholders' funds	2009	2008
	£'000	£'000
Opening and closing shareholders' funds	-	-

10 Ultimate parent company and controlling party

The immediate parent company is Kvaerner Oil & Gas Limited, incorporated in England and Wales

The largest group in which the results of the company are consolidated is that headed by Medaura BV, a private company incorporated in The Netherlands The consolidated financial statements of Medaura BV are available to the public and may be obtained from the Chamber of Commerce Kamer van Koophandel, De Ruiterkade 5 1013 AA Amsterdam, The Netherlands or from the Company Secretary, IH Global Limited, Surrey House 36-44 High Street, Redhill, Surrey RH1 1RH UK

The Glacier Trust established under the laws of Guernsey, is to be regarded as the ultimate controlling party of the Company