Company Number 48947

RGC OFFSHORE LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2007

RGC OFFSHORE LIMITED

DIRECTOR'S REPORT

The Director presents his report and the audited financial statements for the year ended 31 December 2007

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 a manner satisfactory to creditors and shareholders At the date of approval of these financial statements, the Group has attained its ambition to divest itself of 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

The Company continues in legal existence to discharge its contractual obligation relating to its disposal in 2006 of its leasehold interest in the Methil Yard at Fife, Scotland, and because it faces claims submitted by former employees alleging bodily injury caused by industrial disease

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 2007 are set out on pages 4 to 8, inclusive

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

The loss for the year after taxation was £nil (2006 Nil)

The Company has a deficit on its profit and loss account Consequently no dividend can be paid (2006 - £nil)

Directors

The Directors during the year were

Rufus Laycock
Nigel Williams (resigned 25 June 2007)

Since the year-end there have been no changes in the membership of the Board of Directors

Disclosure of Information to Auditors

The Director holding office at the date of approval of this Director's Report confirms that, so far as he is each 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

KPMG Audit Plc has signified its willingness to continue in office

Rufus Laycock

Rufus Laycock
Director

Date 26 September 2008

Registered Office
68 Hammersmith Road,
London W14 8YW

RGC OFFSHORE LIMITED

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 and applicable law (UK Generally Accepted Accounting Practice)

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

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

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

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Independent auditors' report to the members of RGC Offshore Limited

We have audited the financial statements of RGC Offshore Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account the Balance Sheet and the related notes These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements but 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

The directors responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2

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 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

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 2007 and of its result 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

Emphasis of matter - Recoverability of inter-company balances

In forming our opinion on the financial statements which is not qualified we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty in relation to the recovery of inter company balances The amount that might ultimately be recovered cannot presently be determined and no provision has been made in the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London
26 September 2008

RGC OFFSHORE LIMITED

Profit and Loss Account for the year ended 31 December 2007

	Note	Year ended 31/12/2007 £'000	Year ended 31/12/2006 £'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 2007

	Note	2007 £'000	2006 £'000
CURRENT ASSETS			
Debtors	4	200	300
CREDITORS amounts falling due within one year			
Creditors	5	(100)	(100)
NET CURRENT ASSETS		100	200
CREDITORS amounts falling due after one year			
Creditors	6	(100)	(200)
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 Director on 26 September 2008

Rufus Laycock

Rufus Laycock
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 been prepared on a basis other than the going concern basis The background and reasons for this basis of preparation are explained below

The company has ceased to trade and it is not envisaged that the company will trade in the foreseeable future 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 director's report In these circumstances, the director has prepared the financial statements on a basis other than the going concern basis

At the date of approval of these financial statements Group Management consider that it is in the best interests of creditors 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 their current expecation that the disputes and liabilities are capable of being resolved through a negotiated settlement process out of the funds, cash flows and asset realisations available to them, based on all known factors Management explores a range of appropriate strategic and financial alternatives to achive its objective, which may include obtaining agreement to compromise indebtedness Group Management recognise and report that the work-out is subject to significant uncertainties and risks which could cause actual results to differ materially from those anticipated

Among the uncertainties there is uncertainty in relation to intercompany balances because of the complex web of intercompany indebtedness subsisting in the Group such that the actual recovery may be significantly less than the reported balance No provision has been made in the financial statements against the amount receivable except where a group undertaking has a net deficiency of assets In such cases a provision is made against the lower of the net amount receivable and the deficit

The liquidity of the Group going forward materially depends on the successful continuation and completion of the work-out using the negotiated settlement process to seek agreement with stakeholders in relation to outstanding borrowings, disputes, liabilities and legacy issues

(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

The Company is exempt under the terms of FRS 8 from the requirement 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 financial statements

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

(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

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 £2,500 (2006 £2,500)

The Company has no employees

No director received any emoluments for his services in the year (2006 £nil)

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RGC OFFSHORE LIMITED

Notes to the Accounts (continued)

3 Tax on loss on ordinary activities	Year ended 31/12/2007	Year ended 31/12/2006
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	Year ended 31/12/2007	Year ended 31/12/2006
	£'000	£'000
The tax assessed for the year is the same (2006 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 30% (2006 30%)	-	-
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 £215 million and surplus ACT of approximately £192 million

There is no potential liability to deferred taxation (2006 £nil)

Due to a change in the corporate tax rate announced in the 2007 budget, the company will be subjected to a tax rate of 28% with an effect from 1 April 2008

4 Debtors	2007	2006
	£'000	£'000
Amount owed by parent undertaking	200	300

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 through the loan receivable Accordingly the Director considers it appropriate to show an amount of the loan receivable equal to the payment liability as due from the parent company

RGC OFFSHORE LIMITED

Notes to the Accounts (continued)

5 Creditors due within one year	2007 £'000	2006 £'000
Other creditors	100	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 is due for payment in 2009 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 Creditors due outside one year	2007 £'000	2006 £'000
Other creditors	100	200

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 is due for payment in 2009 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

7 Share capital	2007 £'000	2006 £'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 £'000	Profit and loss account £'000
As at 1 January 2007 and 31 December 2007	700	(5 000)

9 Reconciliation of movements in shareholders' funds	2007 £'000	2006 £'000
Loss for the financial year	-	-
Opening shareholders' funds	-	-
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 Ruterkade 5 1013 AA Amsterdam The Netherlands or from the Company at 68 Hammersmith Road London W14 8YW

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

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