

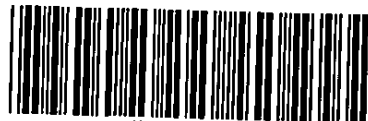
DSND Subsea Limited

Directors' report and financial statements

For the year ended 31 December 2009

Registered Number 1005947

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DSND Subsea Limited

Directors' report and financial statements for the year ended 31 December 2009

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DSND Subsea Limited

Directors and advisors

Directors

D B Lie (appointed on 14/07/2010)

A G Olsen (appointed on 29/01/2010)

T Sorensen

J McConnell (resigned on 29/01/2010)

A G Olsen (resigned on 14/07/2010)

Secretary and registered office

Charles Bondi

c/o Star Reefers UK Ltd

30 Charles II Street

London

SW1Y 4AE

England

Registered auditors

PricewaterhouseCoopers LLP

32 Albyn Place

Aberdeen

AB10 1YL

DSND Subsea Limited

Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements for the company for the year ended 31 December 2009

Principal activity and review of business

The trade and activities of the company were transferred to the Subsea 7 group in May 2002. The residual activities of the company comprise the settlement of remaining liabilities and recovery of outstanding assets. The directors expect that these activities will continue in a similar manner in 2009. The company is exempt from preparing a full business review in accordance with the special provisions relating to small companies under section 417 of the Companies Act 2006.

The profit and loss account for the year is set out on page 5.

Results and dividends

The company's loss for the year was £61,585 (2008: loss £107,891). The directors do not propose payment of a dividend for the current year (2008: £11,500,000, payable to the ultimate parent company). No dividends were received in 2009 (2008: £nil).

Directors and company secretaries

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

D B Lie (appointed on 14/07/2010)

A G Olsen (appointed on 29/01/2010)

C Bondi (appointed on 28/01/2010)

T Sorensen

J McConnell (resigned on 29/01/2010)

J McConnell (resigned on 28/01/2010)

A G Olsen (resigned on 14/07/2010)

(company secretary)

(director)

(company secretary)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statement 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 statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the loss of the company for the 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 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 them to ensure that the financial statements comply with the Companies Act 2006. 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.

DSND Subsea Limited

Disclosure of information to auditors

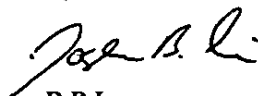
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware and
- 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

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting

By order of the Board



D B Lie
Director

DSND Subsea Limited

Independent auditors' report to the members of DSND Subsea Limited

We have audited the financial statements of DSND Subsea Limited for the year ended 31 December 2009 which comprises the Profit and Loss Account and the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2 to 3 the directors are 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements.

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 of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom 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 Directors' 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.



Kevin Reynard (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Aberdeen

29 September 2010

DSND Subsea Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 £	2008 £
Net operating expenses		(56,371)	(41,168)
Loss on ordinary activities before interest and taxation	2	(56,371)	(41,168)
Interest payable and similar expenses		(5,226)	(3,262)
Interest receivable and similar income		12	240
Loss on ordinary activities before taxation		(61,585)	(44,190)
Taxation on loss on ordinary activities	5	-	(63,701)
Loss for the financial year	12	(61,585)	(107,891)

The results above relate wholly to discontinued activities

The company has no recognised gains and losses other than the loss stated above. Consequently, no separate statement of total recognised gains and losses has been presented.

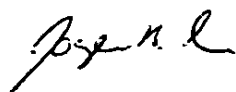
There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

DSND Subsea Limited

Balance sheet as at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Fixed asset investments	7	-	-
		-	-
Current assets			
Debtors	8	32,962	100,186
Cash at bank and in hand		4,844	23,247
		37,806	123,433
Creditors: amounts falling due within one year	9	(130,478)	(154,520)
Net current liabilities		(92,672)	(31,087)
Total assets less current liabilities		(92,672)	(31,087)
Capital and reserves			
Called up share capital	10	1	1
Share premium	11	-	-
Profit and loss - deficit	11	(92,673)	(31,088)
Deficit shareholder's funds	12	(92,672)	(31,087)

The financial statements on pages 5 to 11 were approved by the board of directors on 29 09 10 and were signed on its behalf by



D B Lie
Director

DSND Subsea Limited

Registered Number 1005947

DSND Subsea Limited

Notes to the financial statements for the year ended 31 December 2009

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, on a going concern basis, and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below.

Going concern

The entity was in a net liability position in the amount of £92,672 as of 31 Dec 2009 (2008: £31,087).

The ultimate parent company, Siem Offshore Inc, has confirmed that it will be able to provide the necessary financial support for at least the period of 12 months from the date of these financial statements. For this reason the directors believe that the company is a going concern and the financial statements have been prepared on this basis.

Investments

Investments in subsidiary undertakings are included in the balance sheet of the company at cost less any provision for permanent indications of impairment.

Disposals of investments are regarded as part of the ordinary activities of the business. Net profits and losses on realisation of these investments are shown as part of the profit or loss on ordinary activities before taxation.

All investments were dissolved on 26 May 2009 as mentioned in Note 7.

Cash flow statement

The company is a wholly owned subsidiary of Siem Offshore Inc and the cash flows of the company are included in the consolidated cash flow statement of Siem Offshore Inc. The consolidated financial statements of Siem Offshore Inc are publicly available (Note 13). Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 "Cash flow statements".

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date and differences on exchange included in the profit and loss account.

Related party transactions

In accordance with the exemption available under FRS8 "Related Party Disclosures", transactions with entities that are part of the Siem Offshore Inc Group (Note 13) are not disclosed on the grounds that the company is a subsidiary where 90% or more of its voting rights are controlled within the group and the consolidated financial statements of Siem Offshore Inc are publicly available.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided on taxable profits at current rates in the respective taxation jurisdictions. 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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

DSND Subsea Limited

1 Principal accounting policies (continued)

Taxation (continued)

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted

Deferred tax is measured on a non-discountable basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Pension costs

Contributions made to pension schemes are charged to the profit and loss account as they become payable

The pension scheme assets are held separately from those of the company in independently administered funds and it is not possible to separately identify the company's share of assets held in the fund. As a result the company accounts for its contributions to the pension scheme as if it were a defined contribution scheme

2 Loss on ordinary activities before interest and taxation

	2009	2008
	£	£
Loss on ordinary activities before interest and taxation is stated after charging:		
Foreign exchange (loss)/ gains	(10,726)	1,738
Services provided by the company's auditor:		
Fees payable for the audit	5,400	3,500
Fees payable for other services – tax compliance	2,500	6,463

3 Directors' remuneration

None of the directors who served during the year neither received nor waived any emoluments from the company (2008: £nil)

4 Employee information

The company had no employees during the year (2008: nil)

DSND Subsea Limited

5 Taxation on (loss)/profit on ordinary activities

	2009	2008
	£	£
Current tax:		
Adjustment in respect of prior periods	-	63,701
Tax on loss on ordinary activities	-	63,701

The current tax assessed for the year varied from the standard rate of corporation tax in the United Kingdom of 28% (2008: 28.5%). The differences are explained below

	2009	2008
	£	£
Loss on ordinary activities before tax	(61,585)	(44,190)
Loss on ordinary activities at 28% (2008:28.5%)	(17,244)	(12,594)
Effects of		
Adjustment in respect of prior periods	-	63,701
Expenses not deductible for tax purposes	-	4,108
Unrecognised losses	17,244	-
Other timing differences	-	8,486
	-	63,701

6 Dividends

No dividend has been paid in 2009. The director's proposed, approved and paid a dividend of 100p per share, totalling £11,500,000 for the year ended 31 December 2008. The dividend has been accounted for in shareholder's equity as an appropriation of retained earnings.

7 Fixed asset investments

The company held investment in the ordinary shares of dormant subsidiary undertakings DSND Lay Vessel Limited, DSND Offshore Vessel Limited and Seateam Shipping Limited as at 31 December 2008 at nil cost and nil net book value. All subsidiary undertakings were wholly owned and incorporated in England. These companies were dissolved on 26 May 2009.

DSND Subsea Limited

8 Debtors

	2009 £	2008 £
Amounts falling due within one year		
Prepayment	862	-
Amounts owed by ultimate parent undertaking	-	76,586
Amounts owed by fellow subsidiaries in the Siem Offshore group	32,100	23,600
	32,962	100,186

Amounts owed by the ultimate parent and fellow subsidiary undertakings are interest free and payable on demand

9 Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to fellow subsidiaries in the Siem Offshore group	24,544	24,545
Amounts owed to ultimate parent undertaking	16,413	-
Corporation tax payable	-	60,475
Accruals and deferred income	89,521	69,500
	130,478	154,520

Amounts owed to the ultimate parent and fellow subsidiary undertakings are interest free and repayable on demand

10 Called up share capital

	2009 £	2008 £
Authorised:		
3,208,001 (2008 3,208,001) Ordinary Shares of £1 each	3,208,001	3,208,001
Allotted, called up and fully paid:		
Ordinary Shares of £1 each	1	1

DSND Subsea Limited

11 Reserves

	Profit and loss reserve £
At 1 January 2009	(31,088)
Loss for the financial year	(61,585)
At 31 December 2009	(92,673)

No dividend payment to the ultimate parent company has been proposed

12 Reconciliation of movements in shareholder's funds

	2009 £	2008 £
Loss for the financial year	(61,585)	(107,891)
Dividends	-	(11,500,000)
Net reduction to shareholder's funds	(61,585)	(11,607,891)
Opening shareholder's (deficit)/ funds	(31,087)	11,576,804
Closing shareholder's deficit	(92,672)	(31,087)

13 Ultimate parent company and controlling party

Siem Offshore Inc, a company registered in the Cayman Islands, is the ultimate parent company and controlling party. The Company's results to 31 December 2009 have been disclosed in the consolidated financial statements of Siem Offshore Inc. Copies of the financial statements of Siem Offshore Inc may be obtained from Siem Offshore Inc, Harbour Place, 5th Floor, PO Box 309, 103 South Church Street, George Town, Grand Cayman, Cayman Islands.

14 Post balance sheet event

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance Act 2010 includes legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. As these changes had not been substantively enacted at the balance sheet date there is no impact on these financial statements."