Aker Offshore Partner Limited

Directors' report and financial statements

Registered number 1532141

For the year ended 31 December 2010

Contents

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2010

Principal activities

The principal activities of the company are the provision of project management, engineering design, construction, maintenance, operations and decommissioning services to clients in the offshore oil and gas industry in the UK and abroad

Business review

Despite a fall in turnover by 17% to £91 7m *(2009 £110 2m)* operating profit grew by 12% to £3 1m *(2009 £2 8m)*

The highlights of the year included the successful completion of a major project within budget and timescale, the winning of a new development project and the retention and expansion of contracts with existing customers

Successes in the marketplace have provided a strong order book for going forward and 2011 is expected to be another good year

Future prospects

The view for 2011 is for turnover to return back to 2009 levels, administrative costs to remain constant and for operating profit to grow in line with turnover

As stated, new work has already been secured for 2011 and beyond The recent successes in the marketplace are another indicator of the company's growing reputation for excellent project execution

Further opportunities have been highlighted and any success will ensure that the upward trend in turnover and margin continue

Principal risks and uncertainties

The principal business risks which would impact on the ability of the company to execute its strategy are significant movements in energy prices that would curtail oil exploration and development projects, or resource constraints where projects are delayed or cancelled due to lack of resources

Contract awards have already been secured and the directors are confident that budgeted goals for 2011 can be achieved

The company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the company has adequate resources to continue its operations for the foreseeable future

The directors therefore believe that it remains appropriate to continue to adopt the going concern basis in preparing the Directors' Report and financial statements

Dividend

The directors do not recommend the payment of a dividend *(2009 £nil)*

Directors' report *(continued)*

Directors

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

M Forbes	(appointed 5 January 2011)
S Vemmestad	
H Ostig	
JA Brunnen	
OKS Moe	(appointed 25 February 2010)
R Buchan	(resigned 5 January 2011)

Employees and health and safety

The company recognises the importance of employee involvement Employees are provided with information and consulted on matters which are, in the opinion of the directors, of concern to them as employees and likely to affect their interests The Company encourages all employees to enhance their competence and develop new skills via participation in locally arranged training programmes These programmes are designed to stimulate and challenge employees and in so doing aid in the process of employee recruitment and retention Regular meetings are held, where employees are made aware of financial and economic factors affecting the business

The company is committed to a policy of equality of treatment and opportunity for all employees, including those who are disabled Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities Accordingly, the only personal attributes which are taken into account in making decisions about employees are those which relate directly to actual or potential performance

Health and safety is a core value of the company and is at the fore front of every decision made Continuous efforts are made to improve existing measures and procedures and to raise awareness and stimulate an interest in health and safety issues

Charitable contributions

Charitable contributions of £1,000 *(2009 £1,000)* were made during the year

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Directors' report *(continued)*

Auditors

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

By order of the board

M Forbes
Director

1 Park Row
Leeds
LS1 5AB
2010

09 March 2011

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

The directors are responsible for preparing the Director's 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)

Under company law the 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 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 judgements 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 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

KPMG
37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditor's report to the members of Aker Offshore Partner Limited

We have audited the financial statements of Aker Offshore Partner Limited for the year ended 31 December 2010 set out on pages 6 to 16 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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 Directors' Responsibilities Statement set out on page 4, 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, and express an opinion on, 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/private cfm

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 2010 and of its profit 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 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

D MacAskill (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

9 March 2011

Profit and loss account

for the year ended 31 December 2010

	Note	2010	2009
		£000	£000
Turnover	2	**91,723**	110,230
Cost of sales		**(82,573)**	(101,383)
Gross profit		**9,150**	8 847
Administrative and distribution expenses		**(6,017)**	(6 047)
Operating profit		**3,133**	2,800
Interest receivable and similar income	*6*	**13**	16
Interest payable and similar charges	*7*	**(343)**	(514)
Profit on ordinary activities before taxation	*3-5*	**2,803**	2 302
Tax on profit on ordinary activities	*8*	**(991)**	(948)
Profit for the financial year	*16*	**1,812**	1,354

All amounts relate to continuing operations

There are no recognised gains and losses other than the results for the financial years reported above

Balance sheet
at 31 December 2010

	Note	2010		2009	
		£000	£000	£000	£000
Fixed assets					
Goodwill	*9*	**840**		1 279	
Tangible fixed assets	*10*	**263**		361	
			1,103		1 640
Current assets					
Debtors	*11*	**23,940**		23 338	
Stock	*12*	**158**		148	
Cash at bank and in hand		**1,807**		4 171	
		25,905		27,657	
Creditors: amounts falling due within one year	*13*	**(12,258)**		(13 213)	
Net current assets			**13,647**		14,444
Total assets less current liabilities			**14,750**		16,084
Creditors: amount falling due after one year	*14*		**(6,380)**		(9,526)
Net assets			**8,370**		6 558
Capital and reserves					
Called up share capital	*15*		**3,000**		3 000
Profit and loss account	*16*		**5,370**		3 558
Shareholders' funds	*17*		**8,370**		6,558

These financial statements were approved by the board of directors on 09 March 2011 and were signed on its behalf by

M Forbes
Director

Notes

(forming part of the financial statements)

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

Basis of preparation

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

The company is exempt from the requirement of Financial Reporting Standard No 1 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 a wholly owned subsidiary of Aker Solutions AS, a company incorporated in Norway The only group in which the results of the Company are consolidated is that headed by the company's ultimate parent, Aker Solutions ASA, a public listed company incorporated in Norway The consolidated financial statements of this group are publicly available Consequently the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties)

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 1 The company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the company has adequate resources to continue its operations for the foreseeable future The directors therefore believe that it remains appropriate to continues to adopt the going concern basis in preparing the directors' report and financial statements

Turnover
Turnover represents work performed by the company in respect of technical, engineering design and engineering personnel services Turnover is recorded at the fair value of consideration receivable, net of VAT Turnover is recognised at the point when services are delivered For turnover linked to key performance indicators, turnover is recognised when it is virtually certain that the performance targets have been achieved For turnover recognition in respect of long term contracts, see long term contract accounting policy

Goodwill
Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations is capitalised and amortised to nil by equal annual instalments over its estimated useful life

Fixed assets and depreciation
Depreciation is provided so as to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Fixtures, fittings and equipment 4-5 years

Leases
Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes 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

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Pension costs
The company operates defined contribution pension schemes on behalf of certain employees The assets of the schemes are held separately from those of the company in independently administered schemes The amount charged against profits represents the contributions payable to the schemes in respect of the accounting year

Stocks
Stocks are stated at lower of cost and net realisable value

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 costs 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 represents turnover recognised in excess of payments on account

Classification of financial instruments issued by the Company
Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (ie forming part of shareholders' funds) only to the extent that they meet the following two conditions

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and (b)where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Dividends on shares presented within shareholders' funds
Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Notes *(continued)*

1 Accounting policies *(continued)*

Share-based payments

Where the Company's parent grants rights to its equity instruments to the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Company accounts for these share-based payments as equity-settled

Where the Company grants rights to its parent s equity instruments to the Company s employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Company accounts for these share-based payments as cash-settled For cash-settled share-based payments a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date The fair value of the estimated amount payable to the employee is recognised linearly as an expense over the three year agreement period with a corresponding increase in liabilities The fair value is initially measured at grant date Measurement of fair value takes into account the terms and conditions upon which the instruments were granted and is based on an expected bonus to be earned

2 Analysis of turnover

	2010	2009
By geographical market	£000	£000
United Kingdom	89,186	107,861
Europe	2,312	2,203
Rest of world	225	166
	91,723	110,230

3 Notes to the profit and loss account

		2010	2009
		£000	£000
Profit on ordinary activities before taxation is stated after charging (crediting)			
Depreciation of tangible fixed assets		113	64
Amortisation of goodwill		439	438
Operating lease rentals	Other	107	137
	Land and buildings	149	164
Exchange losses		76	215
Exchange gains		(105)	(297)

	2010	2009
	£000	£000
Auditors' remuneration		
Audit of these financial statements	40	55
Other services relating to taxation	6	-

Notes *(continued)*

4 Remuneration of directors

	2010	2009
	£000	£000
Directors' emoluments	**142**	167
Company contributions to money purchase schemes	**19**	15
	161	182

Retirement benefits are accruing to the following number of directors under:

	Number of directors	
	2010	2009
Money purchase schemes	**1**	1

5 Staff numbers and costs

The average number of persons (including directors) employed by the company during the year, analysed by category, was as follows

	Number of employees	
	2010	2009
Operations	**545**	653
Administration	**43**	43
	588	696

The aggregate payroll costs of these persons were	**2010**	2009
	£000	£000
Wages and salaries	**31,577**	38,849
Social security costs	**3,589**	4,390
Pension costs	**981**	934
	36,147	44 173

6 Interest receivable and similar income

	2010	2009
	£000	£000
Bank interest	**13**	16

Notes *(continued)*

7 Interest payable and similar charges

	2010 £000	2009 £000
Interest on bank overdraft	**2**	7
Interest on group loans	**341**	507
	343	514

8 Taxation

	2010 £000	2009 £000
Current tax charge	**-**	-
Deferred tax		
Origination/reversal of timing differences		
- current year	**889**	773
- prior year	**1**	175
Rate adjustment deferred tax rate (27%) *(2009 28%)*	**101**	-
Tax charge on profit on ordinary activities	**991**	948

Factors affecting the tax charge for the current year

The current tax charge for the year is higher *(2009 higher)* than the composite rate of corporation tax in the UK of 28% *(2009 28%)* The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before taxation	**2,803**	2,302
Current tax at 28% *(2009 28%)*	**785**	645
Effects of		
Expenditure not deductible for tax	**15**	6
Goodwill amortisation	**123**	122
Tax losses utilised	**(966)**	(773)
Other timing differences	**(25)**	-
Rate adjustment for deferred tax	**68**	-
Total current tax charge (see above)	**-**	-

Notes *(continued)*

8 Taxation *(continued)*

At the year end, a deferred tax asset of £1,845,000 calculated at 27% *(2009 28%)* has been recognised *(2009 £2,836,000)* which is analysed as follows

	2010 **£000**	2009 £000
Other timing differences	**11**	50
Losses	**1,820**	2,786
Decelerated capital allowances	**14**	-
	1,845	2,836

The deferred tax asset of £1,845 000 *(2009 £2,836 000)* has been recognised in these financial statements as, based on future projections, the directors believe that sufficient taxable profits will be generated in the foreseeable future against which the asset can be recovered

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011 The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 As the balance sheet date for these financial statements is after substantive enactment, the deferred tax asset has been re-measured based on the new tax rate of 27% The likely effect of the further 3% reduction has not been calculated as it is not considered material to these financial statements

9 Intangible fixed assets

	Goodwill **£000**
Cost	
At beginning and end of year	2,944
Amortisation	
At beginning of year	1,665
Charge for year	439
At end of year	2 104
Net book value	
At 31 December 2010	**840**
At 31 December 2009	1,279

On 31 December 2007, the company acquired the business of Aker Kvaerner Operations Limited Net assets of £1,481,000 were acquired at a fair value of £3,600,000 giving rise to goodwill of £2,119,000 The goodwill is being amortised over five years which the directors believe to be the useful economic life

Notes *(continued)*

10 Tangible fixed assets

	Fixtures, fittings and equipment £000
Cost	
At beginning of year	451
Additions during year	15
At end of year	466
Depreciation	
At beginning of year	90
Charge for year	113
At end of year	203
Net book value	
At 31 December 2010	**263**
At 31 December 2009	361

11 Debtors

	2010 £000	2009 £000
Trade debtors	**20,711**	18,936
Other debtors	**3**	30
Amounts owed by group undertakings	**933**	340
Prepayments and accrued income	**448**	1,196
Deferred tax asset (note 8)	**1,845**	2 836
	23,940	23,338

12 Stock

	2010 £000	2009 £000
Raw materials and consumables	**158**	148

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	**4,480**	4 886
Amounts owed to group undertakings	**4,373**	4 830
Other taxation and social security	**1,466**	1,726
Other creditors	**1,463**	1 711
Accruals and deferred income	**476**	60
	12,258	13 213

14 Creditors: amounts falling due after one year

	2010 £000	2009 £000
Amounts owed to group undertakings	**6,000**	9,000
Other creditors	**380**	526
	6,380	9 526

Other creditors includes £229,000 *(2009 £344,000)* in respect of a long term loan balance payable to TH Oil and Gas Resources Limited in respect of a business acquisition during 2006 Interest is charged at 6%

Amounts owed to group undertakings includes £9,000,000 *(2009 £12,000,000)* in respect of a long term loan balance payable to Aker Solutions AS The original loan principal £12m is repayable in equal instalments over four years Interest is charged at 3%

The maturity of the outstanding loan balances is as follows

	2010 £000	2009 £000
Less than one year	**3,114**	3 114
1-2 years	**3,115**	3,115
2-5 years	**3,000**	6 115
At end of year	**9,229**	12,344

15 Called up share capital

	2010 £000	2009 £000
Authorised, allotted, issued and fully paid.		
3,000 000 ordinary shares of £1 each	**3,000**	3,000

Notes *(continued)*

16 Profit and loss account

	£000
At beginning of year	3 558
Profit for the year	1 812
At end of year	**5,370**

17 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Profit for the financial year being net addition to shareholders' funds	**1,812**	1 354
Opening shareholders' funds	**6,558**	5 204
Closing shareholders' funds	**8,370**	6,558

18 Pension schemes

The company operates defined contribution pension schemes The assets of the schemes are held separately from the company in independently administered funds The pension cost charge represents contributions payable by the company to the schemes and amounts to £981,000 *(2009 £934,000)* Contributions amounting to £45,000 *(2009 £17,000)* were payable to the scheme at the year end and are included in creditors

19 Commitments

The company had no capital commitments at the end of the financial year *(2009 none)*

Annual commitments under other non-cancellable operating leases are as follows

	Land & Building			Other
	2010	2009	2010	2009
	£	£	£	£
Operating leases which expire				
Within one year	-	-	2	3
In the second to fifth years inclusive	135	135	17	19
	135	135	19	22

20 Ultimate and immediate parent companies

The company's ultimate and immediate parent company is Aker Solutions AS

The only group in which the results of the Company are consolidated is that headed by the company's ultimate parent, Aker Solutions ASA, a public listed company incorporated in Norway The consolidated financial statements of this group are available and may be obtained from the group's website at www akersolutions com