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R&B Falcon (Caledonia) Limited

Report and Financial Statements

31 December 2009

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COMPANIES HOUSE

736

Directors

P King
B Cameron
G J R Ure

Secretary

WFW Legal Services Limited
15 Appold Street
London EC2A 2HB

Auditors

Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen AB15 4DT

Bankers

The Royal Bank of Scotland
Queen's Cross Branch
40 Albyn Place
Aberdeen AB10 1YN

Solicitors

Ince & Co
Knollys House
11 Byward Street
London EC3R 5EN

Registered Office

15 Appold Street
London EC2A 2HB

Directors' report

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

Results and dividends

The profit for the year after taxation was \$66,000 (2008 – loss of \$30,000)

The directors do not recommend the payment of a dividend during the year (2008 – \$nil)

Principal activity

The principal activity of the company was, up to 24 July 2001, the undertaking of offshore drilling contracts and leasing an offshore drilling rig. On 24 July 2001, the Iolair rig and equipment were sold for a consideration of \$40 million. Following the sale of the rig the company ceased trading.

Directors

The present directors of the company are listed on page 1. Changes since 1 January 2009 are as follows:

| | Appointed | Resigned |
|-----------|---------------|---------------|
| R S Jones | | 26 April 2010 |
| G J R Ure | 26 April 2010 | |

Disclosure of information to the auditors

So far as each person who is a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Director

24 September 2010

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). 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 proper 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.

Independent auditors' report

To the members of R&B Falcon (Caledonia) Limited

We have audited the financial statements of R&B Falcon (Caledonia) Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 12. 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).

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 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

As explained more fully in the Directors' Responsibilities Statement (set out on page 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 (APB's) Ethical Standards for Auditors.

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 profit 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.

Independent auditors' report

To the members of R&B Falcon (Caledonia) Limited

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime

Ernst & Young LLP

Kevin Weston (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Aberdeen

Date 29 September 2010

Profit and loss account

for the year ended 31 December 2009

| | <i>Notes</i> | <i>2009</i> \$000 | <i>2008</i> \$000 |
|---|--------------|----------------------|----------------------|
| Administrative expenses | | (15) | (22) |
| Operating loss | 2 | (15) | (22) |
| Interest (payable)/receivable | | (6) | 1 |
| Loss on ordinary activities before taxation | | (21) | (21) |
| Tax on profit on ordinary activities | 5 | 87 | (9) |
| Retained profit/(loss) for the financial year | 10 | 66 | (30) |

Statement of total recognised gains and losses

for the year ended 31 December 2009

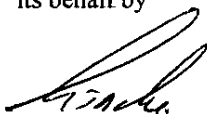
There are no recognised gains or losses other than the profit attributable to the shareholders of the company of \$66,000 in the year ended 31 December 2009 (2008 – loss of \$30,000)

Balance sheet

at 31 December 2009

| | Notes | 2009 \$000 | 2008 \$000 |
|---|-------|---------------|---------------|
| Current assets | | | |
| Debtors | 6 | 8,197 | 8,637 |
| Cash at bank and in hand | | 9 | 18 |
| | | <u>8,206</u> | <u>8,655</u> |
| Creditors: amounts falling due within one year | 7 | (876) | (1,391) |
| Net current assets | | <u>7,330</u> | <u>7,264</u> |
| Total assets less current liabilities | | <u>7,330</u> | <u>7,264</u> |
| Net assets | | <u>7,330</u> | <u>7,264</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | — | — |
| Capital reserve | 9 | 1,940 | 1,940 |
| Profit and loss account | 10 | 5,390 | 5,324 |
| Shareholders' funds | 10 | <u>7,330</u> | <u>7,264</u> |

These financial statements were approved by the board of directors on 24 September 10 and were signed on its behalf by



G J R Ure
Director

Notes to the financial statements

at 31 December 2009

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in US dollars as the directors consider the US dollar as the main trading currency of the company and therefore its accounting records are also maintained in US dollars.

Going concern

The directors have obtained confirmation from an appropriate parent undertaking that it will provide financial support to allow the company to meet its liabilities as and when they fall due, to the extent that the company is not able to meet such liabilities, and to recover in full sums due to it, when so due, from other group companies. The support outlined above is valid until 30 September 2011. On this basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

Statement of cash flows

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a statement of cash flows as it is a wholly owned subsidiary of a parent undertaking which has prepared publicly available consolidated financial statements.

Deferred taxation

UK Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a undiscounted 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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract date. All differences are taken to the profit and loss account.

2. Operating profit

This is after charging/(crediting)

| | 2009 | 2008 |
|------------------------|-------|-------|
| | \$000 | \$000 |
| Auditors' remuneration | 2 | 8 |

Notes to the financial statements

at 31 December 2009

3. Directors' emoluments

None of the directors received any remuneration in respect of services to the company in either year

4. Staff costs

The company did not have any employees in either year

5. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| <i>Current tax</i> | | |
| UK corporation tax on profits for the period | 13 | 42 |
| Under provision in relation to prior year | (100) | (33) |
| Total current tax | (87) | 9 |

(b) Factors affecting current tax charge for the year

The tax assessed on the profit on ordinary activities differs from the standard rate of corporation tax in the UK of 28% (2008 – 28 % %) The differences are reconciled below

| | 2009 \$000 | 2008 \$000 |
|--|---------------|---------------|
| Loss on ordinary activities before tax | (21) | (21) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 28% %) | (6) | (6) |
| <i>Effects of</i> | | |
| Transfer pricing adjustment | 18 | 53 |
| Tax at marginal rates | – | 1 |
| Other timing differences | – | 6 |
| Adjustments in respect of previous years | (100) | (33) |
| Current year foreign exchange difference | 1 | (12) |
| Total current tax (note 5(a)) | (87) | 9 |

Notes to the financial statements

at 31 December 2009

5. Tax (continued)

(c) Factors that may affect future tax changes

There are no factors considered to affect future tax changes

There is an unprovided deferred tax asset of US\$61,245 (2008 – US\$176,341) which has not been provided as it is unlikely that these losses will be relieved in the future due to the cessation of the trade

6. Debtors

| | 2009 \$000 | 2008 \$000 |
|-----------------------------|---------------|---------------|
| Due from group undertakings | 8,104 | 8,637 |
| Corporation Tax | 93 | – |
| | <u>8,197</u> | <u>8,637</u> |

The intercompany amounts are repayable on demand, however the company has no intention of demanding settlement within one year

7. Creditors: amounts falling due within one year

| | 2009 \$000 | 2008 \$000 |
|-------------------------------------|---------------|---------------|
| Amounts owed to parent undertakings | 855 | 1,248 |
| Corporation tax | – | 130 |
| Accruals and deferred income | 21 | 13 |
| | <u>876</u> | <u>1,391</u> |

Intercompany balances are repayable on demand

8. Issued share capital

| | 2009 \$000 | 2008 \$000 |
|---|---------------|---------------|
| <i>Allotted, called-up and fully paid</i> | | |
| 98 ordinary shares of £1 each | – | – |
| 2 deferred ordinary shares of £1 each | – | – |
| | <u>–</u> | <u>–</u> |

9. Capital reserve

Capital reserve represents additional capital contributions by the company's immediate parent undertaking, R&B Falcon (UK) Limited

Notes to the financial statements

at 31 December 2009

10. Reconciliation of shareholders' funds and movement on reserves

| | <i>Share capital \$000</i> | <i>Profit and loss account \$000</i> | <i>Total \$000</i> |
|---------------------|------------------------------------|--|------------------------|
| At 1 January 2008 | 1,940 | 5,354 | 7,294 |
| Loss for the year | – | (30) | (30) |
| At 31 December 2008 | 1,940 | 5,324 | 7,264 |
| Profit for the year | – | 66 | 66 |
| At 31 December 2009 | 1,940 | 5,390 | 7,330 |

11. Related party transactions

The company has taken advantage of the exemption in FRS 8 not to disclose any transactions with entities that are part of the group which qualify as related parties, on the grounds that it is a subsidiary undertaking where 100% or more of its voting rights are controlled within the group, and the group financial statements of Transocean Ltd are publicly available

12. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is R&B Falcon (UK) Limited. It has included the company in its group financial statements, copies of which are available from its registered office 15 Appold Street, London, EC2A 2HB

Transocean Ltd, a company registered in Switzerland, is the parent undertaking of the smallest and largest group to consolidate the accounts of the company and is also the ultimate parent undertaking and controlling party

Copies of the parent undertaking financial statements can be obtained from Transocean Offshore Deepwater Drilling Inc, 4 Greenway Plaza, Houston, Texas, 77046, USA