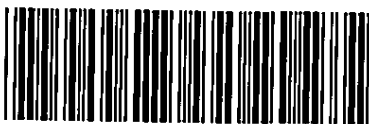


INTERMARINE OFFSHORE SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006

Registered Number : 2657940

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COMPANIES HOUSE



SPAIN BROTHERS
CHARTERED ACCOUNTANTS

INTERMARINE OFFSHORE SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST DECEMBER 2006**

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INTERMARINE OFFSHORE SERVICES LIMITED

COMPANY INFORMATION **FOR THE YEAR ENDED 31ST DECEMBER 2006**

Incorporated in England and Wales on 28th October 1991.

DIRECTORS

M P Cloyd Esq
W Knapp Esq

SECRETARY

B C Clapsaddle Esq

REGISTERED OFFICE

29 Manor Road
Folkestone
Kent
CT20 2SE

AUDITORS

Spain Brothers & Co ,
Chartered Accountants,
29 Manor Road,
Folkestone,
Kent
CT20 2SE

COMPANY NUMBER

2657940

INTERMARINE OFFSHORE SERVICES LIMITED

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31ST DECEMBER 2006**

The directors present their report together with the audited financial statements for the year ended 31st December 2006

PRINCIPAL ACTIVITY

The Company owns and leases one offshore oilfield service vessel and turnover is derived from this

The Company transacts its business primarily in U S Dollars which is reflected in the financial statements

DIRECTORS

The present directors of the Company who have served throughout the year are stated on page 1 Neither director holds any shares in this Company

M P Cloyd Esq holds all of the share capital of this Company's ultimate holding company, InterMarine Incorporated

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 year 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,
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements,
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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

The directors so far as they are aware know of no relevant audit information of which the Company's auditors are unaware and each director has taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

INTERMARINE OFFSHORE SERVICES LIMITED

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31ST DECEMBER 2006 (Continued)**

AUDITORS

A resolution to re-appoint the Company's auditors Spain Brothers & Co will be proposed at the Annual General Meeting

SMALL COMPANY EXEMPTIONS

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

This report was approved by the Board on 22nd September 2007

By Order of the Board



B C Clapsaddle Esq
Secretary

29 Manor Road
Folkestone
Kent
CT20 2SE

22nd September 2007

INTERMARINE OFFSHORE SERVICES LIMITED

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF INTERMARINE OFFSHORE SERVICES LIMITED

FOR THE YEAR ENDED 31ST DECEMBER 2006

We have audited the financial statements of Intermarine Offshore Services Limited for the year ended 31st December 2006 set out on pages 4 to 7. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the Company 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 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 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 United Kingdom Accounting Standards are set out in the Statement of Directors Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 and our opinion as to whether the information given in the Directors' Report is consistent with the financial statements. We also 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 United Kingdom Auditing Standards 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 judgements 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.

INTERMARINE OFFSHORE SERVICES LIMITED

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF **INTERMARINE OFFSHORE SERVICES LIMITED**

FOR THE YEAR ENDED 31ST DECEMBER 2006 (Continued)

OPINION

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31st December 2006 and of its deficit for the year then ended
- and have been properly prepared in accordance with the Companies Act 1985

In our opinion the information given in the Directors' Report is consistent with the financial statements



SPAIN BROTHERS & CO.
Folkestone
Chartered Accountants
Registered Auditors

29 Manor Road
Folkestone
Kent
CT20 2SE

22nd September 2007

INTERMARINE OFFSHORE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT **FOR THE YEAR ENDED 31ST DECEMBER 2006**

Note

1,2 TURNOVER

Administrative Expenses

LOSS ON ORDINARY ACTIVITIES
BEFORE AND AFTER TAXATION

DEFICIT BROUGHT FORWARD

DEFICIT AT 31ST DECEMBER 2006
CARRIED FORWARD

<u>2006</u>	<u>2005</u>
<u>\$</u>	<u>\$</u>
25,824	25,824
(35,812)	(26,340)
(9,988)	(516)
(74,598)	(74,082)
(\$84,586)	(\$74,598)

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the above two years

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the loss for the above two years

The notes on pages 6 to 7 form part of these financial statements

INTERMARINE OFFSHORE SERVICES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2006

<u>Note</u>	<u>2006</u> \$	<u>2005</u> \$
3. <u>FIXED ASSETS</u>	1	1
<u>CURRENT ASSETS</u>		
Cash at Bank and in Hand	563	1,077
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>	564	1,078
4. <u>CREDITORS</u> Amounts falling due after more than one year	(85,146)	(75,672)
	<u>(\$84,582)</u>	<u>(\$74,594)</u>
<u>CAPITAL AND RESERVES</u>		
5. Share Capital	4	4
Profit and Loss Account	(84,586)	(74,598)
	<u>(\$84,582)</u>	<u>(\$74,594)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board of Directors on 22nd September 2007 and signed on their behalf by -


M.P. Cloyd Esq - Director

The notes on pages 6 to 7 form part of these financial statements

INTERMARINE OFFSHORE SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST DECEMBER 2006**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies adopted are as follows -

Cash Flow Statement

The Company qualifies as a small company under the Companies Act 1985. The directors have elected to take advantage of the exemption under FRS1 not to prepare a Cash Flow Statement.

Going Concern

The financial statements are prepared on the basis that the Company will continue in operational existence for the foreseeable future. This means, in particular, that the Profit and Loss Account and Balance Sheet assume no intention or necessity to liquidate or curtail significantly the scale of the operation. The financial statements have been prepared on this basis giving the continuing financial support of the parent Company.

Turnover

Turnover comprises amounts derived from the leasing of an offshore oilfield service vessel.

Foreign Currencies

The financial statements have been prepared in US Dollars as this is the currency in which all of the transactions of the Company are carried out.

Tangible Fixed Assets

The cost of tangible fixed assets includes only expenditure incurred in bringing the assets into working condition for their intended use. Depreciation is provided at the following annual rates in order to allocate the depreciable amount over its estimated useful life -

Vessel - 20% on Cost

Provisions

Provisions are set up only where it is probable that a present obligation exists as a result of an event prior to the Balance Sheet date and that a payment will be required in settlement that can be reliably estimated.

2. SEGMENTAL ANALYSIS

100% of turnover is attributable to geographical markets outside the United Kingdom.

INTERMARINE OFFSHORE SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST DECEMBER 2006 (Continued)**

3. **TANGIBLE FIXED ASSETS**

Cost

At 1st January 2006

At 31st December 2006

Depreciation

At 1st January 2006

Charge for the Year

At 31st December 2006

Net Book Value

At 31st December 2006

At 31st December 2005

<u>Vessel</u>	<u>TOTAL</u>
360,000	360,000
\$360,000	\$360,000
359,999	359,999
-	-
\$359,999	\$359,999
\$1	\$1
\$1	\$1

4. **CREDITORS** - Amounts falling due after more than one year

Amounts Owed to Group Undertaking

<u>2006</u>	<u>2005</u>
\$85,146	\$75,672

5. **SHARE CAPITAL**

Authorised

1000 Ordinary Shares of \$1 each

Issued and Fully Paid

4 Ordinary Shares of \$1 each

<u>2006</u>	<u>2005</u>
\$1,000	\$1,000
\$4	\$4

6. **PARENT UNDERTAKING**

The Company is a wholly owned subsidiary of InterMarine De Panama S A which in turn is a wholly owned subsidiary of InterMarine Incorporated which is incorporated in the United States of America