

**Company Registration No. 03073521**

**ETPM INTERNATIONAL UK LIMITED**

**Report and Financial Statements**

**30 November 2002**



## Directors' report

For the year ended 30 November 2002

The directors present their annual report on the affairs of the company together with the financial statements for the year ended 30 November 2002.

### Principal activity and business review

The company holds an interest in ETPM Deepsea Limited, a company engaged in the subsea offshore oil industry.

The company did not trade during the year and the directors expect the company to remain dormant in the foreseeable future.

### Results and dividends

Results and statement of accumulated deficit are as follows:

|                                                              | £               |
|--------------------------------------------------------------|-----------------|
| Accumulated deficit at 30 November 2001 and 30 November 2002 | <u>(28,113)</u> |

No dividends were paid or proposed in respect of the year (2001 - £nil).

### Directors and their interests

The directors of the company who served during the year were:

Tom Ehret (appointed 17 March 2003)  
Alan Brunnen (resigned 10 October 2002)  
Bruno Chabas  
Joel Leroux (resigned 10 October 2002)  
Bernard Vossier (resigned 17 March 2003)

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985 (2001 - nil).

### Directors' responsibilities

United Kingdom 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 those 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 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.

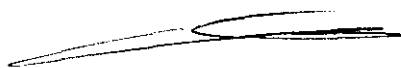
## Directors' report (continued)

### Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records which 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 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.

Signed on behalf of the Board

Dolphin House  
Windmill Road  
Sunbury-on-Thames  
Middlesex  
TW16 7HT



Bruno Chabas  
Director

4 December 2003

# Balance sheet

30 November 2002

|                                                                | Notes | 2002<br>£       | 2001<br>£       |
|----------------------------------------------------------------|-------|-----------------|-----------------|
| <b>Fixed assets</b>                                            |       |                 |                 |
| Investments                                                    | 2     | 4,259,889       | 4,259,889       |
| <b>Creditors: Amounts falling due after more than one year</b> | 3     | (4,287,972)     | (4,287,972)     |
| <b>Net liabilities</b>                                         |       | <u>(28,083)</u> | <u>(28,083)</u> |
| <b>Capital and reserves</b>                                    |       |                 |                 |
| Called-up equity share capital                                 | 4     | 30              | 30              |
| Profit and loss account                                        |       | (28,113)        | (28,113)        |
| <b>Equity shareholders' deficit</b>                            |       | <u>(28,083)</u> | <u>(28,083)</u> |

The annual financial statements have not been audited because the company is entitled to the exemption provided by section 249AA(1) of the Companies Act 1985 relating to dormant companies and its members have not required the company to obtain an audit of these financial statements in accordance with section 249B(2).

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with section 221 of the Companies Act 1985. The directors also acknowledge their responsibilities for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with section 226 of the Companies Act 1985 and which otherwise comply with the requirements of that Act relating to financial statements, so far as applicable to the company.

Signed on behalf of the Board



Bruno Chabas  
Director

4 December 2003

The accompanying notes are an integral part of this balance sheet.

## 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

### *a) Basis of accounting*

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards. The company did not trade during the year. Accordingly, no profit and loss account has been prepared.

### *b) Cash flow statement*

The company is exempt from the requirement of FRS 1 (Revised) to include a cash flow statement as part of its financial statements on the basis that it is a subsidiary of Stolt Offshore SA (note 6) whose financial statements contain a consolidated cash flow statement and are available to the public.

### *c) Going concern*

The company had net liabilities of £28,083 at 30 November 2002 and, as such, is dependent on continued financial support from its parent company, Stolt Offshore SA (SOSA). SOSA has provided the company with a letter of continuing financial support, in which SOSA agrees to meet all of the company's obligations to the extent that the company is unable to meet those obligations itself.

SOSA has reported an unaudited net loss after tax of \$132 million for the nine months to 31 August 2003. SOSA obtained waivers of debt covenant terms at the quarters ended May 31, 2003 and August 31, 2003, and SOSA's management is currently in the process of renegotiating its principal debt facilities, having alerted the banks in its current lending syndicates to a potential breach of its debt covenants at 30 November 2003 and for subsequent quarter-ends during 2004. Pending the outcome of the negotiations, the syndicates of banks granted SOSA a temporary covenant waiver until December 15, 2003.

Should the refinancing not be completed, SOSA's debt will be repayable on demand and there is a risk that SOSA may not be able to refinance in the time available should the bank seek repayment, in which case SOSA, and therefore potentially the company, would no longer continue to be a going concern.

In addition, SOSA's future ability to win new contracts beyond the existing order backlog will be constrained unless increased performance bond facilities are secured as part of the same renegotiation. Given the long-term nature of the projects performed by SOSA and its subsidiaries, customers ask that banks provide these performance bonds as a condition to awarding projects. The banks would pay out a percentage of the contract value in the event of non-performance by the relevant subsidiary. At present the company forecasts a requirement for additional bonding capacity in mid 2004, and SOSA management is negotiating with the banks to extend existing facilities.

**1 Accounting policies (continued)**

*c) Going concern (continued)*

The basis for the renegotiation with the banks is a business plan proposing the financial restructuring of SOSA. This was submitted to SOSA's bankers in July 2003. The directors of SOSA believe that there will be a turnaround from the loss making position in 2003 to profitability in 2004, which assumes that there will be improved contract margins and is dependent on there being no recurrence of the problems that have arisen on recent large projects, especially those in West Africa. The key assumptions of the plan also include the disposal of approximately \$150 million of assets and businesses, winning a number of contracts currently under tender, as well as resolution of disputes in respect of certain major non-UK projects. This plan includes operational and cash flow projections covering a period of 12 months starting December 2003, and reflects a positive cash flow during that period.

Subsequent to July 2003, SOSA's bankers have been reviewing the restructuring plan, and have requested further details of the 2004 budget that are currently being provided by SOSA. Based on discussions with the bank syndicates to date, SOSA's directors believe that the negotiations with the banks will have a favourable outcome and that the going concern assumption is appropriate for the preparation of financial statements of subsidiaries in the SOSA group.

The directors of SOSA have developed appropriate alternative plans involving other sources of financing, including injection of new equity, in order to address the possibility that negotiations with existing lenders do not result in the necessary long term funding and performance bonds. The directors believe that, even if the negotiations with existing lenders are unsuccessful, it will be in the interest of those lenders to provide further temporary waivers that will allow SOSA sufficient time to put the alternative arrangements in place.

The directors of the company have obtained an understanding of the SOSA group position and are monitoring the position closely. The directors believe that the position will be resolved and understand the alternatives available to SOSA.

On the assumption of the successful outcome of SOSA's discussions with the banks and turnaround to profitability due to improved performance by SOSA on projects, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from the failure of the SOSA group to renegotiate its debt and performance bond facilities such that it, and hence the company, is unable to meet its financial obligations for the foreseeable future.

*d) Investments*

Fixed asset investments are shown at cost less provision for impairment.

## Notes to the financial statements (continued)

### 2 Fixed asset investment

The company has investments in the following undertaking:

| Company                                                          | Country of registration | Principal activity        | Description of shares held by the company |
|------------------------------------------------------------------|-------------------------|---------------------------|-------------------------------------------|
| ETPM DeepSea Limited                                             | England                 | Shipping support services | 33% ordinary                              |
|                                                                  |                         |                           | £                                         |
| Cost and net book value at 30 November 2001 and 30 November 2002 |                         |                           | <u>4,259,889</u>                          |

### 3 Creditors: Amounts falling due after more than one year

|                                    | 2002<br>£        | 2001<br>£        |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | <u>4,287,972</u> | <u>4,287,972</u> |

### 4 Called-up share capital

|                                                       | 2002<br>£ | 2001<br>£ |
|-------------------------------------------------------|-----------|-----------|
| <i>Authorised, allotted, called-up and fully paid</i> |           |           |
| 30 ordinary shares of £1 each                         | <u>30</u> | <u>30</u> |

### 5 Related party transactions

The company is exempt under the requirement of FRS 8 to include details of transactions with related parties who are fellow group undertakings. There were no other related party transactions in the current or preceding year.

### 6 Ultimate holding company

The ultimate holding company is Stolt-Nielsen S.A., a company incorporated in Luxembourg.

The largest group in which the results of the company are consolidated is that headed by the ultimate holding company. The smallest group in which they are consolidated is that headed by Stolt Offshore S.A., a company also incorporated in Luxembourg.

The consolidated financial statements of Stolt-Nielsen S.A. and Stolt Offshore S.A. are available to the public and can be obtained from Stolt-Nielsen Limited, Aldwych House, 71 – 91 Aldwych, London, England.