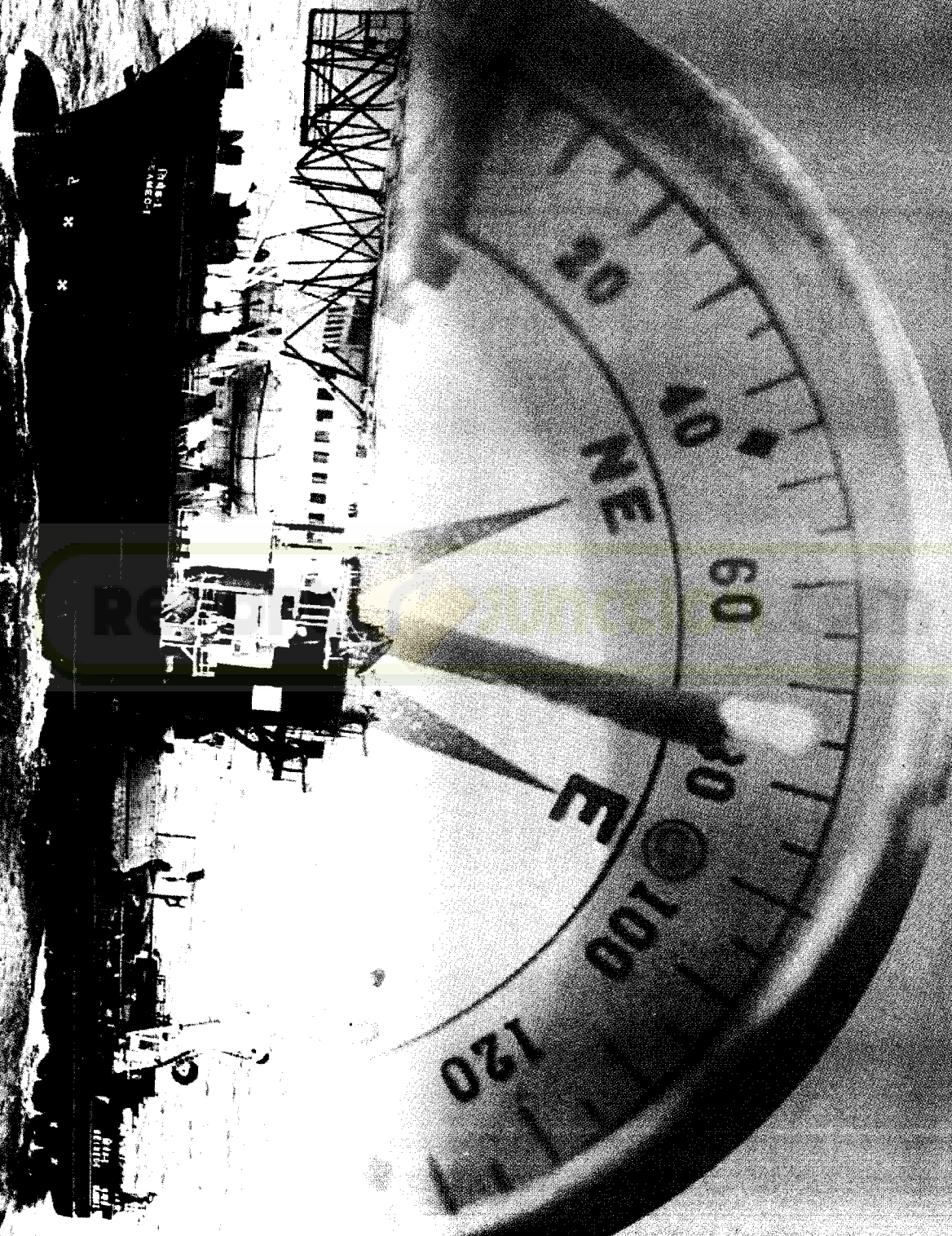




South East Asia Marine Engineering & Construction Ltd.

A MEMBER OF THE TECHNIP GROUP

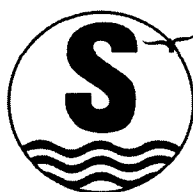


ANNUAL REPORT
2006

SOUTH EAST ASIA MARINE ENGINEERING & CONSTRUCTION LIMITED

TEN YEAR HIGHLIGHTS

DETAILS	Rs. In Millions									
	97-98	98-99	99-2000	2000 (9 Months)	2001	2002	2003	2004	2005	2006
BALANCE SHEET										
SOURCES OF FUNDS										
SHARE CAPITAL	339.00	339.00	339.00	339.00	339.00	339.00	339.00	339.00	339.00	339.00
RESERVE & SURPLUS	754.55	806.30	734.74	771.47	644.91	745.07	837.23	1,258.28	1,451.51	2,037.17
NET WORTH	953.33	982.91	951.18	946.88	1,106.39	1,059.22	1,213.59	1,538.70	1,790.51	2,376.17
LOAN FUND	715.06	628.02	486.80	493.77	426.00	339.75	198.06	86.25	-	-
SOURCES OF FUNDS	1,668.39	1,610.93	1,437.98	1,440.65	1,532.39	1,398.97	1,411.65	1,624.95	1,790.51	2,376.17
APPLICATION OF FUNDS										
GROSS BLOCK OF FIXED ASSET	1,790.41	1,796.20	1,835.05	1,856.10	1,875.92	1,940.68	1,979.28	1,768.02	1,827.95	2,781.45
RESERVE FOR DEPRECIATION	440.20	543.05	651.58	735.10	850.79	981.41	1,093.00	979.36	1,088.18	1,232.37
NET BLOCK OF FIXED ASSETS	1,350.21	1,253.15	1,183.47	1,121.00	1,025.13	959.27	886.28	788.66	739.77	1,549.08
INVESTMENTS	-	0.46	0.46	-	-	-	-	-	-	-
DEBTORS (NET)	225.89	216.90	242.17	316.46	185.36	158.56	227.43	148.57	226.77	293.82
TOTAL CURRENT ASSETS	491.07	481.41	396.94	502.11	628.03	571.46	629.36	1,033.03	1,138.40	1,078.90
CURRENT LIABILITIES & PROVISION	172.89	124.09	142.89	182.46	120.77	131.76	103.99	196.74	87.66	251.81
NET CURRENT ASSETS	318.18	357.32	254.06	319.65	507.26	439.70	525.37	836.29	1,050.74	827.09
APPLICATION OF FUNDS	1,668.39	1,610.93	1,437.98	1,440.65	1,532.39	1,398.97	1,411.65	1,624.95	1,790.51	2,376.17
PROFIT & LOSS ACCOUNT										
REVENUE- Charter Hire	898.41	981.65	857.54	753.40	879.92	1,000.73	901.46	964.17	822.81	1,591.33
OTHER INCOME	4.58	9.21	3.10	13.04	11.13	26.56	16.88	43.80	50.15	45.00
EBITDA before extra ordinary items	240.37	287.48	110.03	172.18	263.69	283.15	349.35	243.96	322.46	752.82
EXTRA ORDINARY ITEMS	1.68	(1.00)	-	-	-	-	-	114.80	12.07	-
INTEREST EXPENSES	103.79	118.99	71.94	47.91	63.01	57.33	39.73	24.21	10.41	2.73
DEPRECIATION	107.95	109.62	109.66	84.24	120.00	131.39	135.00	126.03	112.02	149.15
PROFIT BEFORE TAX	30.32	57.88	(71.57)	40.04	80.70	94.43	174.63	208.52	212.10	600.94
TAX	3.20	6.13	-	3.30	9.50	(5.73)	82.47	(212.54)	18.87	15.27
PROFIT AFTER TAX	27.12	51.75	(71.57)	36.74	71.20	100.16	92.16	421.06	193.23	585.67



South East Asia Marine Engineering & Construction Limited

A MEMBER OF THE TECHNIP GROUP

TWENTIETH ANNUAL REPORT 2006

BOARD OF DIRECTORS

Cmde P.C.B. Nair, Indian Navy (Retd.), Chairman
Mr. Knut Boe
Mr. Christophe Armengol
Mr. Shardul Thacker
Mr. D. J. Balaji Rao
Capt. C.J. Rodricks, Managing Director

BOARD COMMITTEE

Audit Committee

Mr. D. J. Balaji Rao, Chairman
Mr. Shardul Thacker
Mr. Christophe Armengol

Shareholders / Investors

Grievance & Transfer Committee

Mr. Shardul Thacker, Chairman
Mr. D. J. Balaji Rao
Cmde P.C.B. Nair, Indian Navy (Retd.)

Management Committee

Capt. C.J. Rodricks
Managing Director
Mr. Knut Boe
Director
Mr. S. N. Mohanty
Chief Legal Officer & Company Secretary
Mr. S. S. Biswas
Chief Financial Officer
Mr. R. R. Roy
General Manager (Operations)

CHIEF FINANCIAL OFFICER

Mr. S. S. Biswas

AUDITORS

S. R. Batliboi & Co., Chartered Accountants
6th Floor, Express Towers,
Nariman Point, Mumbai – 400 021.

BANKERS

Industrial Development Bank of India Ltd

REGISTRARS & SHARE TRANSFER AGENTS

C B Management Services (P) Ltd.
P-22, Bondel Road, 2nd Floor, Kolkata 700 019
Tel : (033) 2280 6692 / 6693 / 6694
Fax : (033) 22870263
Email : cbmsl1@cal2.vsnl.net.in

REGISTERED & CORPORATE OFFICE

401-404, 4th Floor, The Eagle's Flight,
Suren Road, Off. Andheri Kurla Road,
Andheri East Mumbai - 400 093.
Tel : (022) 6694 1800
Fax : (022) 6694 1818
Email : seamec@bom5.vsnl.net.in

CHIEF LEGAL OFFICER & COMPANY SECRETARY

Mr. S. N. Mohanty



LISTING ON THE STOCK EXCHANGES

The company's shares are listed on :

- 1) Bombay Stock Exchange Limited
1st Floor, Rotunda Building
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.
- 2) National Stock Exchange of India Limited
'Exchange Plaza',
Plot No. C/1, G Block,
Bandra – Kurla Complex,
Bandra (E), Mumbai 400 051.



NOTICE**TO THE MEMBERS**

NOTICE is hereby given that the Twentieth Annual General Meeting of South East Asia Marine Engineering & Construction Ltd. will be held on Wednesday, 18th April, 2007 at 4 pm at Navinbhai Thakkar Auditorium, Shree Vile Parle Gujarati Mandal, Shraddhanand Road, Vile Parle (East), Mumbai – 400 057 to transact the following business :-

AS ORDINARY BUSINESS

1. To consider and adopt the Profit & Loss Account of the Company for the year ended on 31st December, 2006 and the Balance Sheet as on that date together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Cmde PCB Nair, Indian Navy (Retd.), who retires by rotation.
3. To appoint a Director in place of Mr. D. J. Balaji Rao, who retires by rotation.
4. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as **SPECIAL RESOLUTION:-**

"RESOLVED THAT pursuant to Section 21 and other applicable provisions, if any, of the Companies Act 1956 and subject to consequent approval thereon, the name of the Company be changed from '**SOUTH EAST ASIA MARINE ENGINEERING & CONSTRUCTION LIMITED**' to '**SEAMEC LIMITED**'"

"FURTHER RESOLVED THAT the name South East Asia Marine Engineering and Construction Limited, wherever it occurs in the Memorandum and Articles of Association of the Company, particularly in Clause I of the Memorandum of Association and Article I of the Articles of Association to be substituted by the name of SEAMEC LIMITED."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do all such acts, deed and things as may be deemed expedient and necessary to give effect to this resolution".

Registered Office :
401-404, The Eagles Flight,,
Suren Road, Off. Andheri Kurla Road,
Andheri East, Mumbai - 400 093.
Dated, 13th February, 2007

By order of the Board
S. N. Mohanty
Chief Legal Officer &
Company Secretary

**NOTES :**

1. A member, entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her place and a proxy, so appointed, need not be a member of the Company. A proxy form, duly completed, must be deposited at the Registered Office of the Company at least forty-eight hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 13.04.07 to 18.04.07 (both days inclusive).
3. Members desirous of obtaining any information regarding Accounts and Operations of the Company are requested to write to the Company, so that it reaches the Company at least seven days before the meeting, to enable the Company to keep the information ready at the time of the meeting.
4. Any change of address of the members of the Company may be intimated to the Registered Office of the Company or to the Registrars: C B Management Services (P) Ltd., P-22, Bondel Road, 2nd Floor, Kolkata 700 019.
5. Members are requested to bring their copies of the Annual Report and Accounts to the Meeting.
6. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
7. Members are requested to quote the ledger folio or Client ID and DP ID numbers in all communications with the Company.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 5**

The members are aware that the previous name of the company "Peerless Shipping & Oilfield Services Ltd" was changed to "South East Asia Marine Engineering & Construction Limited" in the year 2000.

The Company is presently known and identified world-wide by its abbreviated name "SEAMEC" which is derived from the first letter of each of the words forming its existing name. The name "SEAMEC" has become widely recognised and accepted over the years in the fields in which the company operates. Being short, and therefore user-friendly, the name SEAMEC is profusely used by all the stakeholders of the Company such as shareholders, customers, suppliers and creditors, banks, financial Institutions and public at large. The Company's trade mark is also registered as "SEAMEC" and all the vessels of the company are also identified as SEAMEC vessels and carry names such as "SEAMEC I", "SEAMEC II", "SEAMEC III" and "SEAMEC PRINCESS".

For some time past the Directors have been giving thought to changing the name of the Company to "SEAMEC Limited".

It is therefore proposed to change the name of the Company from "South East Asia Marine Engineering & Construction Ltd" to "SEAMEC Limited" subject to approval of the proposed name by Registrar of Companies and the shareholders and after complying with related legal formalities

Your Directors trust that this proposed change of name will have the members support and, accordingly, recommend this resolution for your approval.

None of the Directors is concerned or interested in the resolution.

Registered Office :

401-404, The Eagles Flight,
Suren Road, Off. Andheri Kurla Road,
Andheri East, Mumbai - 400 093.

Dated, 13th February, 2007

By order of the Board

S. N. Mohanty
Chief Legal Officer &
Company Secretary



SOUTH EAST ASIA MARINE ENGINEERING & CONSTRUCTION LTD.

DIRECTORS' REPORT

To
The Members

Your Directors have the pleasure in presenting the Twentieth Annual Report of the Company and the Audited Accounts for the year ended 31st December, 2006.

1- Financial highlights

Audited Financial Results for the year ended 31st December, 2006

Figures in Rs. million

	Year ended 31.12.2006	Year ended 31.12.2005
Net Sales/Income from Operations	1591	823
Other Income	45	50
Total Expenditure		
a. Consumables & Spares	189	113
b. Staff Costs (including offshore staff)	472	184
c. Deferred Revenue Expenditure	—	59
d. Other Expenditure	222	194
Earnings before Interest, Depreciation & Tax	753	322
Interest	3	10
Depreciation	149	112
Profit before tax	601	200
Prior period Income	—	12
Profit before Tax	601	212
Tax Expenses for the year	15	19
Profit / (loss) after Taxation	586	193
Paid up Equity Share Capital	339	339
Reserves (as per Balance Sheet)	2037	1452
Basic and diluted EPS for the period (Rs)	17.28	5.70

During the year under review the Company's total revenue was Rs. 1636 million as against Rs. 873 million in the previous year, an increase in revenue of 87% over the previous year. The significant factors attributable for this remarkable performance were higher deployment days and increased charter hire rate. There has been a boom in oil and gas sector worldwide resulting in phenomenal demand for specialized vessels such as owned by SEAMEC.

The impact of boom had also widened the demand and supply gap of crew worldwide with high preference for Indian crew. This has resulted in increasing crew cost substantially in line with International demand to retain the experienced crew. The new vessel SEAMEC PRINCESS acquired in June 2006 was idling since delivery barring deployment for 27 days during year. Her additional maintenance cost till end of financial year was Rs. 86 Mil. These are the two primary reasons offsetting partly the benefit derived from increase in charter hire and savings through effective cost control measures.

The company registered a splendid after tax profit of Rs. 586 mil in 2006 against Rs. 193 mil of 2005, an increase of 203%. The Company continues to retain its debt free status and maintained its surplus annual cash flow despite acquisition of a new vessel.

Your Company is a capital intensive industry which requires replacement / upgradation of assets. Your Directors desire to conserve the surplus for further growth of the Company and therefore have decided not to recommend dividend distribution for the year under review. From the Assessment Year 2005-06 (relevant accounting year 2004-05) your company has come under Tonnage regime available for shipping companies under Chapter XII-G of Income Tax Act, 1961. The Company has transferred as on 31.03.2006 Rs. 55 mil to Tonnage Tax Reserve u/s 115 V of Income Tax Act, 1961. This along with the opening Reserve of Rs. 4.4 mil aggregating to Rs. 59.4 mil was utilised on purchase of vessel "Seamec Princess" in June 2006 and transferred to "Tonnage Reserve Utilised" Account. Your Directors have, further recommended transfer of Rs. 80 mil from current years surplus to Tonnage Tax Reserve u/s 115 V of Income Tax Act, 1961.

2. ACQUISITION OF VESSEL "SEAMEC PRINCESS"

On 12 June 2006 your Company took delivery of a British flag cable laying vessel named as "OCEANIC PRINCESS" from James (Fisher) Logistics Limited of UK for a consideration of USD 18.25 mil. The delivery took place at Pasir Gudang, Malaysia. The vessel was renamed as "SEAMEC PRINCESS" and the flag was changed from British flag to Indian flag. She was brought to India on 27 July 06 and after completing necessary legal formalities, she sailed to Dubai in September 2006 for modification and upgradation from cable laying vessel to multi support vessel to fit into Company's business arena. The said vessel is at present under modification at Dubai. The total expenditure on upgradation is budgeted to be around USD 15 Mil (Rs. 700 mil). She is expected to be ready in May 2007. Rs. 500 mil has so far been committed.

With the acquisition of said vessel, the fleet strength has increased to four.

3. OPERATIONS OFFSHORE

During the financial year 2006, three of the company's vessels except : "SEAMEC PRINCESS" were under charter contract throughout the year.

Vessel SEAMEC I is under a long term charter with M/s Dolphin Offshore Enterprises Limited (DOLPHIN) for a firm period of two years since 23 September 2005. During the year, the company has installed saturation diving system onboard in August 06 at a cost of USD 1.65 mil (Rs. 74 mil). The Company was awarded a contract by ONGC on a nomination basis for a period of six months with an option of extension for further 2 months at a higher rate. The vessel was mobilized on 12th August 2006. Consequent upon above, the contract with Dolphin has been suspended effective from 25 July 2006 on mutually agreed terms.

Vessel SEAMEC II, on successful completion of work in Mediterranean, returned to India and was engaged in spot market at Indian Offshore with M/s Global Industries, USA during the first half of the year. During the second half of the year effective from 20 August 2006. the Vessel has been deployed with M/s Condux SA de CV Protexa for a period of six months with the option for extension of further one year on six monthly basis for working in Gulf of Mexico.



SOUTH EAST ASIA MARINE ENGINEERING & CONSTRUCTION LTD.

Vessel SEAMEC III, on successful completion of 3 years long term contact with ONGC by end February 2006, was engaged in Indian spot market working with various Indian / International oil / Construction companies such as IOEC, British Gas and Jindal Offshore before commencing one year charter contract with Offshore Technology Solutions Limited at Trinidad & Tobago at a higher charter day rate with effect from 29 July 2006. The contract provides for extension for further period of one year.

Pending the commencement of modification, SEAMEC PRINCESS was on hire undertaking a cable laying job with M/s Dulam Industries, Dubai for a period of 27 days commencing from 1st November 2006.

4. DIRECTORS AND MANAGEMENT

Your Company is a subsidiary of Coflexip Stena Offshore (Mauritius) Ltd. (CSOML), which ultimately is owned by Technip S. A. France.

Mr. Ivan Coyard who was as a Director on Company's Board since 31.10.2002, resigned from Board on 29.03.2006. Your Directors wish to place on record its sincere appreciation for the valuable services rendered by Mr. Ivan Coyard during his tenure as a Director of the Company.

Mr. Christophe Armengol was nominated for appointment as a Director by Coflexip Stena Offshore (Mauritius) Limited, the holding Company of SEAMEC in the casual vacancy arising out of the resignation of Mr. Ivan Coyard. Mr. Armengol joined Board on 19.04.2006. Mr Armengol has a long experience in finance. By qualification he is a Chemical Engineer and holds Master Degree from IAE Paris in Audit and Finance control. Based in Paris, he holds the post of Financial Controller of Middle East, South West Asia Business unit of the parent Company i.e. Technip S.A., France. "Strategy – Finance Control" is his expertise in specific functional area. Mr. Armengol is the member of the Audit Committee of your Company's Board.

Cmdr P.C.B. Nair, Indian Navy (Retd.) and Mr. D.J. Balaji Rao, retire by rotation at the ensuing Annual General Meeting of the Company. Cmdr Nair and Mr. Rao informed the Board that they do not wish to offer themselves for re-election. The Board of Directors regrettably acceded to the request of Cmdr Nair and Mr. Rao. Accordingly, Cmdr P.C.B. Nair and Mr. D.J. Balaji Rao will cease to be Directors of the Company from 18 April 2007.

CMDE Nair has been a Director of your Company since 4.3.1998. He is also the Chairman of the Board of Directors and Member of Shareholders / Investors Grievance and Transfer Committee of your Company's Board. Mr. Rao has been a Director of your Company since 08.03.2000. He is the Chairman of Audit Committee and Member of Shareholders / Investors Grievance and Transfer Committee of your Board.

The Board wishes to place on record its sincere appreciation for the valuable services rendered by Cmdr P.C.B. Nair, Indian Navy (Retd.) and Mr. D.J. Balaji Rao during their tenure as Directors of the Company.

5. AUDITORS

M/s. S. R. Batliboi & Co. Chartered Accountants, the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and they are eligible for re-appointment.

6. AUDITORS' REPORT

The observations in the Auditors' Report have been dealt with in the relevant Notes to Accounts, which are self-explanatory.