

HUNTING OIL HOLDINGS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

Registered No: 1103530



HUNTING OIL HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report, together with the audited financial statements for the year ended 31 December 2001.

ACTIVITIES

The Company is the parent undertaking of the Hunting PLC Group's oil division and is a wholly-owned subsidiary undertaking of Hunting PLC, a company registered in England and Wales.

No change in the activities of the Company is anticipated in 2002.

RESULTS AND DIVIDENDS

The results and financial position of the Company are set out in the attached financial statements. No interim dividend was paid during the year (2000: £1,001,781). The Directors recommend the payment of a final dividend of £5,612,000 (2000: £Nil).

The retained loss for the year of £2,151,132 has been deducted from reserves.

FIXED ASSETS

The movement in fixed asset investments during the year are shown in note 8 to the financial statements.

DIRECTORS

The Directors of the Company who served during the year were as follows:

D. L. Clark
D.L. Proctor
K.W. Miller (retired 31 July 2001)

No Director had a material interest in any contract of significance to which either the Company or its subsidiary undertakings were a party.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Hunting PLC maintains insurance against certain liabilities which could arise from a negligent act or a breach of duty by its Directors and officers in the discharge of their duties.

DIRECTORS' INTERESTS

None of the Directors had any interest in the shares of the Company during the year.

The interests of the Directors in the shares of Hunting PLC, the ultimate parent undertaking, are disclosed in the 2001 Annual Report and Accounts of that company.

The market price of the ordinary shares at 31 December 2001 was 176.5p and the range during the year was 142.5p to 275.0p.

HUNTING OIL HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

SHARE CAPITAL

There were no movements in the Company's share capital during the year as shown in note 12 to the financial statements.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Company made no payments to charitable or political organisations during the year (2000 : £ Nil).

AUDITORS

PricewaterhouseCoopers have indicated their willingness to continue in office as auditors. An elective resolution is in force which dispenses with the annual reappointment of auditors.

By Order of the Board



D.L. Clark
Director

27 May 2002

HUNTING OIL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year 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 the profit and loss for the financial year.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors confirm that the financial statements, using applicable accounting standards, have been prepared on a going concern basis using suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors are also responsible 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.

HUNTING OIL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUNTING OIL HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

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

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

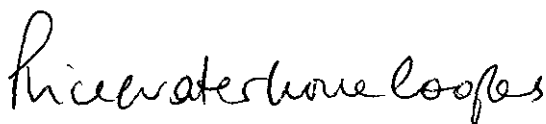
Basis of audit opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

27 May 2002

HUNTING OIL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Administrative expenses		(3)	(73)
Other operating income		-	68,848
Income from shares in subsidiary undertakings		6,764,183	1,113,090
OPERATING PROFIT		6,764,180	1,181,865
Exceptional item	4	(2,871,244)	(5,141)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		3,892,936	1,176,724
Interest receivable	5	48,534	110,742
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	3,941,470	1,287,466
Taxation on profit on ordinary activities	7	(480,602)	(151,827)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,460,868	1,135,639
Dividend – paid		-	(1,001,781)
– proposed		(5,612,000)	-
RETAINED (LOSS) PROFIT FOR THE FINANCIAL YEAR	14	(2,151,132)	133,858

The loss for the year arises from the Company's continuing operations.

There are no differences between the results shown above and the results on an unmodified historical cost basis.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
Profit for the financial year		3,460,868	1,135,639
Currency translation differences on foreign currency net investments	14	417,602	1,039,072
Revaluation of fixed asset investments	13	(7,227,000)	6,518,000
Total recognised gains and losses for the year		(3,348,530)	8,692,711


The notes on pages 7 to 12 form part of these financial statements.

HUNTING OIL HOLDINGS LIMITED

BALANCE SHEET AT 31 DECEMBER 2001

	<u>Notes</u>	<u>2001</u> £	<u>2000</u> £
FIXED ASSETS			
Investments	8	113,255,080	78,528,713
CURRENT ASSETS			
Debtors	9	25,771,007	24,410,837
Cash at bank and in hand		231,272	1,977,773
		26,002,279	26,388,610
CREDITORS: amounts falling due within one year	10	(5,731,109)	(137,753)
NET CURRENT ASSETS		20,271,170	26,250,857
TOTAL ASSETS LESS CURRENT LIABILITIES		133,526,250	104,779,570
CREDITORS: amounts falling due after more than one year	11	(84,050,961)	(46,343,751)
		49,475,289	58,435,819
CAPITAL AND RESERVES			
Called up equity share capital	12	16,880,550	16,880,550
Revaluation reserve	13	30,909,315	38,136,315
Profit and loss account	14	1,685,424	3,418,954
		49,475,289	58,435,819

Approved by the Board on 27 May 2002



D. L. Clark
Director

The notes on pages 7 to 12 form part of these financial statements.

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards.

Group accounts

The Company has taken advantage of the exemption from preparing group accounts under s228(2) of the Companies Act 1985 as it is a wholly owned subsidiary undertaking of Hunting PLC, a company registered in England and Wales, in whose consolidated financial statements the Company is included.

Income from shares in group undertakings

Income from shares in group undertakings is accounted for on a receivable basis. Overseas dividends are stated in the profit and loss account inclusive of overseas withholding taxes but net of underlying overseas taxation attributable to dividends.

Foreign currencies

Assets and liabilities denominated in foreign currencies have been expressed in sterling at market rates ruling at 31 December. Exchange differences on foreign currency borrowings used to finance overseas investments and exchange differences on those investments are dealt with through reserves. Any other exchange differences are dealt with in the profit and loss account.

Investments

Investments in subsidiary undertakings are stated at Directors' valuation based on the net asset values of the subsidiary undertakings at 31 December. The investments are revalued annually on a portfolio basis and surpluses and deficits arising on revaluation are dealt with in the revaluation reserve.

2 OTHER OPERATING INCOME

Other operating income comprises principally foreign exchange gains realised during the year.

3 DIRECTORS AND EMPLOYEES

None of the Directors received any remuneration during the year in respect of their services to the Company (2000: £ Nil).

There were no employees during the year (2000: None).

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001 (continued)

4 EXCEPTIONAL ITEM

The exceptional item is the write off of the Company's investment in Hunting Industries Limited, its subsidiary in Zimbabwe, following the uncertainties in that country.

5 INTEREST RECEIVABLE

	<u>2001</u>	<u>2000</u>
	£	£
Bank interest	48,534	110,742

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2001</u>	<u>2000</u>
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	-	-

Auditors' remuneration has been dealt with in the financial statements of Hunting PLC, the Company's ultimate parent undertaking.

7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>2001</u>	<u>2000</u>
	£	£
UK Corporation tax at 30% (2000 : 30%)	14,559	255,819
Less: relief for overseas taxation	-	(222,618)
	14,559	33,201
Overseas withholding tax	466,043	118,626
	480,602	151,827

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (continued)

8 INVESTMENTS

	Shares in subsidiary undertakings £
<u>Valuation</u>	
At 1 January 2001	78,528,713
Exchange movements	670,381
Write off of investment in Hunting Industries Ltd	(2,871,244)
Acquisitions	44,154,230
Revaluation	(7,227,000)
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At 31 December 2001	113,255,080
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The principal subsidiary undertakings comprised:

	Country of incorporation and operations	% interest in ordinary shares	Business
* Gibson Crude Oil Purchasing Co. Ltd	Canada	100	Holding company
Gibson Energy Ltd (formerly Gibson Holdings Ltd)	Canada	64	Holding company
Gibson Petroleum Company Ltd	Canada	64	Oil marketing and distribution
Gibson Gas Processing Ltd	Canada	64	Fractionation plant
* E A Gibson Shipbrokers Ltd	England	100	Shipbroking
* Hunting Petroleum France SA +	France	100	Holding company
Société Internationale d'Equipments et de Réalisations Pétrolières et Chimiques SA	France	100	Refinery and pipeline equipment
Larco SA +	France	100	Petroleum equipment
Hunting Industrial Coatings Ltd	England	100	Industrial coatings
* Hunting Oilfield Services (International) Ltd	England	100	Oilfield services
Hunting Oilfield Services (UK) Ltd	England	60	Oilfield services
Hunting Oilfield Services Overseas Holdings Ltd	England	100	Holding company
* Huntfield Trust Ltd	England	100	Investment holding company
* Hunting Industries Ltd	Zimbabwe	74	Holding company
* Hunting Defence Ltd	England	100	Holding Company

- (1) Subsidiary undertakings and associated companies marked + are audited by firms other than PricewaterhouseCoopers.
- (2) Interests in companies marked * are held directly by the Company.

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (continued)

9 DEBTORS

	<u>2001</u> £	<u>2000</u> £
Due within one year:		
Amounts owed by group undertakings	25,770,657	24,402,853
Prepayments and accrued income	350	7,984
	<hr/>	<hr/>
	25,771,007	24,410,837
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10 CREDITORS: amounts falling due within one year

	<u>2001</u> £	<u>2000</u> £
Amount owed to group undertaking	99,700	99,702
Corporation tax	19,409	38,051
Proposed dividend	5,612,000	-
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	5,731,109	137,753
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11 CREDITORS: amounts falling due after more than one year

	<u>2001</u> £	<u>2000</u> £
Amounts owed to group undertakings	84,050,961	46,343,751
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12 SHARE CAPITAL

	<u>2001</u> £	<u>2000</u> £
Ordinary equity shares of £1 each:		
Authorised	16,880,550	16,880,550
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Allotted and fully paid	16,880,550	16,880,550
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HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (continued)

13 REVALUATION RESERVE

	£
At 1 January 2001	38,136,315
Revaluation	(7,227,000)
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At 31 December 2001	30,909,315
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14 PROFIT AND LOSS ACCOUNT

	£
At 1 January 2001	3,418,954
Exchange movements	417,602
Retained (loss) for the year	(2,151,132)
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At 31 December 2001	1,685,424
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15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2001</u> £	<u>2000</u> £
Profit for the financial year	3,460,868	1,135,639
Dividends	(5,612,000)	(1,001,781)
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Retained (loss) profit for the year	(2,151,132)	133,858
Currency translation differences on foreign currency net investments	417,602	1,039,072
Revaluation of investments	(7,227,000)	6,518,000
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Net (decrease) increase in shareholders' funds	(8,960,530)	7,690,930
Opening shareholders' funds	58,435,819	50,744,889
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Closing shareholders' funds	49,475,289	58,435,819
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HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001 (continued)

16 BANKING ARRANGEMENTS

The Company is a party to a Group set-off arrangement with Lloyds TSB Bank Plc and Barclays Bank PLC.

17 CASH FLOW STATEMENT

The Hunting PLC financial statements for the year ended 31 December 2001 contain a consolidated statement of cash flows. The Company has taken advantage of the exemption granted by FRS 1 (revised) whereby it is not required to publish its own cash flow statement.

18 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Hunting PLC, a company registered in England and Wales. The only group of which the Company is a member and for which consolidated financial statements are prepared is Hunting PLC. The consolidated financial statements of Hunting PLC can be obtained from its registered office at 3 Cockspur Street, London SW1Y 5BQ.

19 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exceptions provided in paragraph 3(C) of FRS8: Related Party Transactions, not to disclose transactions with other Hunting Group entities.