

HUNTING OIL HOLDINGS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**

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 2000.

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.

On 26 April 2000 Hunting PLC announced its intention to concentrate the Group's resources on its oil division. The principal parent undertaking of the oil division in the UK is the Company. It is anticipated that 2001 will be a year for taking up new opportunities.

RESULTS AND DIVIDENDS

The results and financial position of the Company are set out in the attached financial statements. An interim dividend of £1,001,781 (1999 : £57,063) was paid. The Directors do not recommend the payment of a final dividend (1999: £3,204,000).

The retained profit for the year of £133,858 has been transferred to reserves.

FIXED ASSETS

The movement in fixed asset investments during the year are shown in note 9 to the financial statements.

DIRECTORS

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

K. W. Miller
D. L. Clark

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

Neither Director had any interest in the shares of the Company during the year.

The interest of the Directors in the shares of Hunting PLC, the ultimate parent undertaking, are disclosed in the 2000 Annual Report and Accounts of that company.

The market price of the ordinary shares at 31 December 2000 was 157.5p and the range during the year was 90.5p to 162p.

HUNTING OIL HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

Subsequent to the year end, on 28 March 2001 options were granted at 207.5p to Directors as follows:

- under the 2001 Approved Share Option Plan D.L. Clark 14,457
- under the 2001 Unapproved Share Option Plan D.L. Clark 211,567.

On 5 April 2001 the following Long Term Incentive Plan Options, granted in 1998, vested:

- K.W. Miller 46,500 and D.L. Clark 32,500.

SHARE CAPITAL

There were no movements in the Company's share capital during the year as shown in note 13 to the financial statements.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Company made no payments to charitable or political organisations during the year (1999 : £ 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

R. Fisher
Secretary



14 May 2001

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

AUDITORS' REPORT TO THE SHAREHOLDERS 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 are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
London

14 May 2001

HUNTING OIL HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
Other operating income	2	68,775	126,319
Income from shares in subsidiary undertakings		1,113,090	3,417,135
OPERATING PROFIT		1,181,865	3,543,454
Exceptional item	4	(5,141)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		1,176,724	3,543,454
Interest receivable	5	110,742	80,779
Interest payable	6	-	(3,480)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	1,287,466	3,620,753
Taxation on profit on ordinary activities	8	(151,827)	(188,503)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,135,639	3,432,250
Dividend – paid		(1,001,781)	(57,063)
Dividend - proposed		-	(3,204,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	133,858	171,187

The profit 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 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
Profit for the financial year		1,135,639	3,432,250
Currency translation differences on foreign currency net investments	14	1,039,072	1,732,559
Revaluation of fixed asset investments	15	6,518,000	(2,285,186)
Total recognised gains and losses for the year		8,692,711	2,879,623


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

HUNTING OIL HOLDINGS LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
FIXED ASSETS			
Investments	9	78,528,713	70,213,703
CURRENT ASSETS			
Debtors	10	24,410,837	26,051,460
Cash at bank and in hand		1,977,773	2,899,905
		26,388,610	28,951,365
CREDITORS: amounts falling due within one year	11	(137,753)	(3,389,844)
NET CURRENT ASSETS		26,250,857	25,561,521
TOTAL ASSETS LESS CURRENT LIABILITIES		104,779,570	95,775,224
CREDITORS: amounts falling due after more than one year	12	(46,343,751)	(45,030,335)
		58,435,819	50,744,889
CAPITAL AND RESERVES			
Called up equity share capital	13	16,880,550	16,880,550
Revaluation reserve	15	38,136,315	31,618,315
Profit and loss account	14	3,418,954	2,246,024
		58,435,819	50,744,889

Approved by the Board on 14 May 2001


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 2000

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 in the revaluation reserve.

2 OTHER OPERATING INCOME

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

3 DIRECTORS AND EMPLOYEES

Neither Director received any remuneration during the year in respect of their services to the Company (1999 : £ Nil).

There were no employees during the year (1999 : None).

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

4 EXCEPTIONAL ITEM

The exceptional item comprised a disposal of investment in Weycolour of £37,849 and written off group current accounts for Weycolour of £20,030 and AH Leach of £12,678.

5 INTEREST RECEIVABLE

	<u>2000</u> £	<u>1999</u> £
Bank interest	110,742	80,779
	<u> </u>	<u> </u>

6 INTEREST PAYABLE

	<u>2000</u> £	<u>1999</u> £
Bank overdraft	-	3,480
	<u> </u>	<u> </u>

7 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2000</u> £	<u>1999</u> £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	-	-
	<u> </u>	<u> </u>

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

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>2000</u> £	<u>1999</u> £
UK Corporation tax at 30% (1999 : 30%)	255,819	756,431
Less: relief for overseas taxation	(222,618)	(724,000)
	<u> </u>	<u> </u>
Overseas withholding tax	33,201	32,431
	118,626	156,072
	<u> </u>	<u> </u>
	151,827	188,503
	<u> </u>	<u> </u>

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

9 INVESTMENTS

	Shares in subsidiary undertakings £
<u>Valuation</u>	
At 1 January 2000	70,213,703
Exchange movements	1,834,859
Disposals	(37,849)
Revaluation	6,518,000
	<hr/>
At 31 December 2000	78,528,713
	<hr/>

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 Holdings Ltd +	Canada	64	Holding company
Gibson Petroleum Company Ltd +	Canada	64	Oil marketing and distribution
Gibson Gas Processing Ltd +	Canada Note (3)	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	74.3	Holding company

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

9 INVESTMENTS (continued)

Notes

- (1) Certain subsidiary undertakings and associated companies have been excluded where, in the opinion of the Directors, they do not have a material bearing on the profits or assets of the Company.
- (2) Subsidiary undertakings and associated companies marked + are audited by firms other than PricewaterhouseCoopers.
- (3) Owned by Gibson Petroleum Company Limited.
- (4) Interests in companies marked * are held directly by the Company.

10 DEBTORS

	<u>2000</u> £	<u>1999</u> £
Due within one year:		
Amount owed by parent undertaking	3,074,000	3,074,000
Amounts owed by subsidiary undertakings	-	1,604,000
Amounts owed by fellow subsidiary undertakings	21,328,853	21,366,198
Other debtors	7,984	7,262
	<hr/> 24,410,837 <hr/>	<hr/> 26,051,460 <hr/>

11 CREDITORS: amounts falling due within one year

	<u>2000</u> £	<u>1999</u> £
Amount owed to parent undertaking	-	116,576
Amount owed to subsidiary undertaking	99,702	32,708
Corporation tax	38,051	36,560
Proposed dividend	-	3,204,000
	<hr/> 137,753 <hr/>	<hr/> 3,389,844 <hr/>

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

12 CREDITORS: amounts falling due after more than one year

	<u>2000</u> £	<u>1999</u> £
Amount owed to parent undertaking	5,257,715	5,257,715
Amounts owed to fellow subsidiary undertakings	28,860,813	27,547,397
Amounts owed to subsidiary undertakings	12,225,223	12,225,223
	<hr/>	<hr/>
	46,343,751	45,030,335
	<hr/>	<hr/>

13 SHARE CAPITAL

	<u>2000</u> £	<u>1999</u> £
Ordinary equity shares of £1 each:		
Authorised	16,880,550	16,880,550
	<hr/>	<hr/>
Allotted and fully paid	16,880,550	16,880,550
	<hr/>	<hr/>

14 PROFIT AND LOSS ACCOUNT

	£
At 1 January 2000	2,246,024
Exchange movements	1,039,072
Retained profit for the year	133,858
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At 31 December 2000	3,418,954
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15 REVALUATION RESERVE

	£
At 1 January 2000	31,618,315
Revaluation	6,518,000
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At 31 December 2000	38,136,315
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HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000 (continued)

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2000</u> £	<u>1999</u> £
Profit for the financial year	1,135,639	3,432,250
Dividends	(1,001,781)	(3,261,063)
	<hr/>	<hr/>
Retained profit for the year	133,858	171,187
Currency translation differences on foreign currency net investments	1,039,072	1,732,559
Revaluation of investments	6,518,000	(2,285,186)
	<hr/>	<hr/>
Net increase (decrease) in shareholders' funds	7,690,930	(381,440)
Opening shareholders' funds	50,744,889	51,126,329
	<hr/>	<hr/>
Closing shareholders' funds	<u>58,435,819</u>	<u>50,744,889</u>

17 BANKING ARRANGEMENTS

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

18 CASH FLOW STATEMENT

The Hunting PLC financial statements for the year ended 31 December 2000 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.

19 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.

20 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.