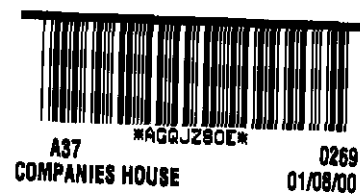


KCA Europe Limited

Accounts 31 December 1999
together with Directors' report

Registered number: 1189464



Directors' report

For the year ended 31 December 1999

The directors present their annual report on the affairs of the Company, together with the accounts, for the year ended 31 December 1999.

Principal activities

KCA Europe Limited is a holding company whose principal subsidiary undertaking provides drilling and related well and facilities engineering services, both offshore and onshore, to the oil industry.

The principal subsidiary undertakings and investments are set out in note 3 to the accounts.

Results and dividends

The company did not trade during the year or the preceding year. Consequently no profit and loss account has been presented.

The directors do not recommend the payment of a dividend for the year (1998 - £nil).

Directors and their interests

The directors who served during the year were as follows:

P.J. Milne

M.J.L. Salter

The directors who held office at the end of the year had no interests in the ordinary shares of the Company. Messrs Milne and Salter are directors of Abbot Group plc and their interests in the share capital of that company are disclosed in its accounts.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

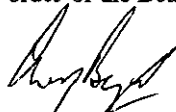
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors report (continued)

Auditors

By special resolution, the Company took advantage of Section 250 of the Companies Act 1985, a consequence of which the Company is exempt under Section 388A of the Companies Act 1985.

By order of the Board,



A.W.J. Banyard
Secretary

3 Colmore Circus
Birmingham
B4 6BH

28 April 2000

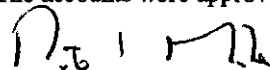
Balance sheet

31 December 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Investments	3	4,217	4,217
Creditors: Amounts falling due within one year	4	(4,217)	(4,217)
Net current liabilities		(4,217)	(4,217)
Net assets		-	-
Capital and reserves			
Called-up equity share capital	5	-	-
Profit and loss account		-	-
Shareholders' funds		-	-

Throughout the financial year ended 31 December 1999 the Company was dormant within the meaning of Section 252 of the Companies Act 1985 (as amended by the Companies Act 1989).

The accounts were approved by the board of directors on 28 April 2000 and signed on its behalf by:



P.J. Milne
Director

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

Notes to accounts

31 December 1999

1 Accounting policies

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

a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting and financial reporting standards.

During the year the Company did not trade and received no income and incurred no expenditure. Consequently the Company made neither a profit or loss.

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Abbot Group plc which prepares consolidated accounts which are publicly available.

2 Directors and employees

None of the directors who served during the year received any emoluments in respect of services to the Company (1998 - £nil).

The Company had no employees at any time during the year (1998 - none).

3 Investments

Investments comprise the cost of shares in KCA Drilling UK Limited, the Company's subsidiary undertaking.

	£'000
At 1 January 1999 and 31 December 1999	4,217

The Company has investments in the following subsidiary undertakings:

	Country of operation and incorporation	Principal activity
KCA Drilling UK Limited	Scotland	Dormant
Thistle Well Services Limited*	Scotland	Dormant

All of the above companies are wholly owned. An asterisk denotes an investment held indirectly.

4 Creditors: Amounts falling due within one year

	1999 £'000	1998 £'000
Amounts owed to group undertakings	4,217	4,217

Amounts owed to other group undertakings are non-interest bearing and are repayable on demand.

4 KCA EUROPE LIMITED

Notes to accounts (continued)

5 Called-up share capital

	1999 £	1998 £
<i>Authorised</i>		
200 ordinary shares of £1 each	200	200
200 8% redeemable convertible preference shares of £1 each	200	200
	<hr/> 400	<hr/> 400
<i>Allotted, called-up and fully paid</i>		
102 ordinary shares of £1 each, fully paid	102	102
	<hr/> 102	<hr/> 102

6 Bank security

Bank loan, overdraft and guarantee facilities of £25,000,000 to Abbot Group plc are secured inter alia by a guarantee from the Company and by first bond and floating charges or debentures over all the property and assets of the Company.

7 Ultimate parent undertaking

The Company is a subsidiary undertaking of KCA Drilling Group Limited which is incorporated in England. The Company's ultimate parent undertaking is Abbot Group plc, which is incorporated in England. The only accounts in which the results of the Company and its subsidiary undertakings are consolidated is that headed by Abbot Group plc. Copies of the accounts of Abbot Group plc are available from Minto Drive, Altens, Aberdeen, AB12 3LW.