

Drilex (UK) Limited

Annual report

For the year ended 31 December 1999

Registered No: 1522006



Drilex (UK) Limited

Annual report

For the year ended 31 December 1999

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Directors and advisers

Executive Directors

Mr P J Woolley
Mr G Reekie

Secretary

Miss A J Matthews
Baker Hughes
455 London Road
Isleworth
Middlesex
LONDON
TW7 5AA

Registered office

455 London Road
Isleworth
Middlesex
LONDON
TW7 5AA

Auditors

PricewaterhouseCoopers
32 Albyn Place
ABERDEEN
AB10 1YL

Solicitors

Iain Smith & Company
18 Queen's Road
ABERDEEN
AB1 4ZT

**Report of the directors
For the year ended 31 December 1999**

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Principal activities

During the year the company did not trade. It is the intention of the directors to wind up the company during the next financial year.

Directors

The directors of the company at 31 December 1999 and during the year were:-

G Reekie
P J Woolley

Directors' interests in shares of the company

No director held beneficial interests in the shares of the company at 31 December 1999, or at any time during the year.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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 or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1999. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 the hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

**G Reekie
Director**

Report of the auditors to the members of Drilex (UK) Limited

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We have audited the financial statements on pages 5 to 8, which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described on page 2, for preparing the financial statements in accordance with applicable United Kingdom accounting 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.

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 amount 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.

Basis of preparation

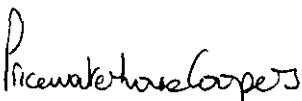
We draw your attention to the principal activity, within the directors' report on page 2, which explains that it is the intention of the directors to wind up the company during the financial year to 31 December 2000. Adjustments have been made in these financial statements where necessary to reduce assets to their realisable values and to provide for liabilities arising from the decision. Our opinion is not qualified in this respect.

Report of the auditors to the members of Drilex (UK) Limited (continued)

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Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1999 and have been properly prepared in accordance with the United Kingdom Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Aberdeen,

26 July 2000

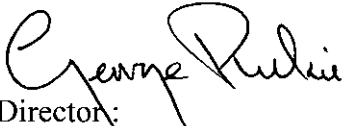
Balance sheet

As at 31 December 1999

	Notes	1999 £	1998 £
Fixed assets			
Investments	3	348,652	348,652
Creditors: amounts falling due within one year	4	1,064,849	1,064,849
Net current liabilities		(1,064,849)	(1,064,849)
Total assets less current liabilities		(716,197)	(716,197)
Net liabilities		(716,197)	(716,197)
Capital and reserves			
Called up share capital	5	5,100	5,100
Profit and loss account		(721,297)	(721,297)
Equity shareholders' funds		(716,197)	(716,197)

The company was dormant throughout the financial year.

The financial statements on pages 5 to 8 were approved by the board of directors on ... 24/12/99..... and were signed on its behalf by:


Director:

**Notes to the financial statements
For the year ended 31 December 1999****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

As noted in the directors' report, it is the intention of the directors to wind up the company.

The financial statements therefore have been prepared on a net realisable value basis. In previous years the financial statements were prepared in accordance with the historical cost convention.

The financial statement contain information about Drilex (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Cash flow statement

The company and all its subsidiary undertakings are wholly owned by Drilex International Inc, the intermediate parent company. The cash flow of the company and its subsidiary undertakings are included in the consolidated group cash flow statement. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

2 Directors' emoluments

The directors are remuneration by the parent company for their services to the organisation as a whole and they receive no emoluments specifically for their services to this company.

Notes to the financial statements (continued)

For the year ended 31 December 1999

3 Investments

	£
Cost	
At 1 January 1999 and 31 December 1999	1,195,050
Provisions	
At 1 January 1999 and 31 December 1999	846,398
Net book value	
At 1 January 1999 and 31 December 1999	<u>348,652</u>

Interests in group undertakings

Interests in group undertakings comprise the cost of investments in subsidiary undertakings.

Details of subsidiary undertakings are as follows:

Name of company and country of incorporation and operation	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
Drilex Systems Limited (incorporated in the UK)	Ordinary	100%	Dormant
Drilex Overseas Corporation (incorporated in the Bahamas)	Ordinary	100%	Dormant

4 Creditors: amounts falling due within one year

	1999 £	1998 £
Amounts owed to group undertakings	<u>1,064,849</u>	<u>1,064,849</u>

5 Called up share capital

	Ordinary shares of £1 each	
	1999 £	1998 £
Authorised		
5,100 ordinary shares of £1 each	<u>5,100</u>	<u>5,100</u>
Allotted, called up and fully paid		
5,100 ordinary shares of £1 each	<u>5,100</u>	<u>5,100</u>

Notes to the financial statements (continued)
For the year ended 31 December 1999**6 Ultimate and immediate parent company**

The company's immediate holding company is Drilex International Inc., a company registered in the United States of America. The directors regard Baker Hughes Inc, a company registered in the United States of America, as the ultimate parent company. Copies of the accounts of Baker Hughes Inc can be obtained from 6 Rubislaw Place, Aberdeen, AB10 1XN.