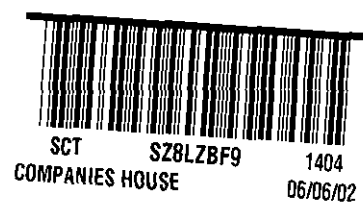


Hunting Oilfield Services Limited
Annual report
for the year ended 31 December 2001

Registered Number 1674180



Hunting Oilfield Services Limited
Annual report and accounts
for the year ended 31 December 2001
Contents

Directors' report for the year ended 31 December 2001	1
Independent auditors' report to the members of Hunting Oilfield Services Ltd.....	3
Profit and loss account for the year ended 31 December 2001	4
Statement of total recognised gains and losses for the year ended 31 December 2001	4
Balance sheet as at 31 December 2001	5
Notes to the financial statements for the year ended 31 December 2001.....	6

Hunting Oilfield Services Limited

Directors' report for the year ended 31 December 2001

The directors present their report and the audited financial statements of the company for the year ended 31 December 2001.

Principal activities

The company supplies products and services to the oil and gas industry.

Review of the business and future developments

Pipe prices and demand for oil services strengthened during 2001. The directors believe that the company is well placed to meet the activity expected in 2002.

Result and dividend

The profit for the financial year amounted to £704,000 (2000 : £269,000). The directors propose to pay a final dividend of £667,000. (2000 - £Nil). The balance has been transferred to reserves.

Research and development

A continuing programme of research and development is undertaken by the company where it is appropriate.

Employee policy

Full and fair consideration is given to applications for employment for disabled persons and in their training, career development and promotion. Every effort is made to retain in employment those who become disabled.

The employment policies, degree of involvement by employees and the provision of information to them will vary. A common awareness of the financial and economic factors affecting the performance is encouraged by open management.

Payment of creditors

The company pays its suppliers within the agreed credit periods in respect of goods and services supplied in accordance with the contract terms agreed with individual suppliers. The company's average creditor payment period at 31 December 2001 was 45 days.

The environment

Hunting PLC, the ultimate parent company, has established an environmental policy, which is appropriate to the number of different markets and countries in which group companies operate. This is subject to regular review and incorporates new objectives as appropriate. In all group companies, there is a common awareness of the need to protect the environment by controlling emissions and waste. As a responsible employer, the company is conscious of its position and role within the community and is committed to continuously improving its environmental performance and providing working environments which meet the requirements of the Health and Safety at Work Act 1974.

Hunting Oilfield Services Limited

Directors and their interests

The directors who held office during the year were:

D L Proctor Chairman
S McClements
R J Davie

Directors' interests

None of the directors had any interest in the shares of the company during the year.

The interests of D L Proctor in the shares of Hunting PLC, the ultimate parent undertaking are disclosed in the 2001 financial statements of that company.

The interests of S McClements and R J Davie in the shares of Hunting PLC, the ultimate parent undertaking, are disclosed in the Directors Report included in the 2001 Annual Report of Hunting Oilfield Services (International) Limited, the immediate parent undertaking.

The market price of the ordinary shares of Hunting PLC at 31 December 2001 was 176.5p and the range during the year was 142.5p to 275p.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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 period.

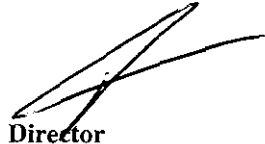
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2001 and that applicable accounting standards have 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



Director

Hunting Oilfield Services Limited

Independent auditors' report to the members of Hunting Oilfield Services Ltd

We have audited the financial statements which comprise of the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

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

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.

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 at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors 30 April 2002
Aberdeen

Hunting Oilfield Services Limited

Profit and loss account for the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Turnover	2	17,793	11,817
Cost of sales		(15,106)	(10,355)
Gross profit		2,687	1,462
Administrative expenses		(323)	(615)
Operating profit		2,364	847
Net interest payable	3	(587)	(662)
Profit on ordinary activities before taxation	4	1,777	185
Taxation on profit on ordinary activities	5	(406)	84
Profit on ordinary activities after taxation		1,371	269
Dividends - proposed		(667)	-
Retained profit for the financial year	14	704	269

No indication can be given of the contribution to turnover and operating profit of the business acquired in the year because the business and assets were integrated into the companies existing subsidiary immediately after acquisition and therefore it is not possible to identify its separate results or turnover.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Statement of total recognised gains and losses for the year ended 31 December 2001

	2001 £'000	2000 £'000
Profit for the financial year	704	269
Exchange rate adjustment	1	(111)
Total recognised gains for the year	705	158

Hunting Oilfield Services Limited

Balance sheet as at 31 December 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	7	33	29
Current assets			
Stock	8	8,033	9,299
Debtors	9	7,966	7,427
Cash at bank and in hand		2,657	-
		18,656	16,726
Creditors: amounts falling due within one year	10	(17,070)	(15,841)
Net current assets		1,586	885
Total assets less current liabilities		1,619	914
Creditors : amounts falling due after more than one year	11	(1,600)	(1,600)
Net assets/(liabilities)		19	(686)
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account – accumulated surplus/(deficit)	14	19	(686)
Shareholder's funds surplus/(deficit)	15	19	(686)

The financial statements on pages 4 to 14 were approved by the board of directors on 30th April 2002 and were signed on its behalf by:



Director

Hunting Oilfield Services Limited

Notes to the financial statements for the year ended 31 December 2001

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

FRS 18 "Accounting policies" has been adopted in the current year but did not require any change in accounting policy.

Tangible assets and depreciation

Tangible assets are stated at cost and depreciation is provided in equal annual instalments over their estimated useful lives by using the following rates:

Plant and equipment	14-33%
Assets in course of construction	Nil

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the life of the lease.

Foreign currencies

Trading activities denominated in foreign currency are translated at the average rate for the year. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Deferred taxation

Provision is made for deferred taxation using the liability method except where there is reasonable probability that a liability will not arise in the foreseeable future. Deferred taxation assets are recognised to the extent that there is certainty that the timing difference will reverse and not be replaced in the future.

Stocks

Stocks, including work-in-progress, are stated at the lower of cost and net realisable value. The cost of work in progress includes direct labour and material costs, production overheads and a proportion of administrative overheads. For long-term contract work-in-progress (contracts where the supply of goods and services or construction of an asset falls into more than one year), an appropriate proportion of the estimated sales revenue, costs and attributable profit is included in each year's result. Profits on other contracts are taken on completion. If it appears likely that a contract will prove unprofitable, full provision is made for the anticipated loss.

Research and development

Research and development expenditure is written off as incurred.

Hunting Oilfield Services Limited

Cashflow statement and related party disclosures

The group is wholly owned by Hunting PLC and is included in the consolidated financial statements of Hunting PLC, which are publicly available. Consequently, the group has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Hunting PLC group.

2 Turnover

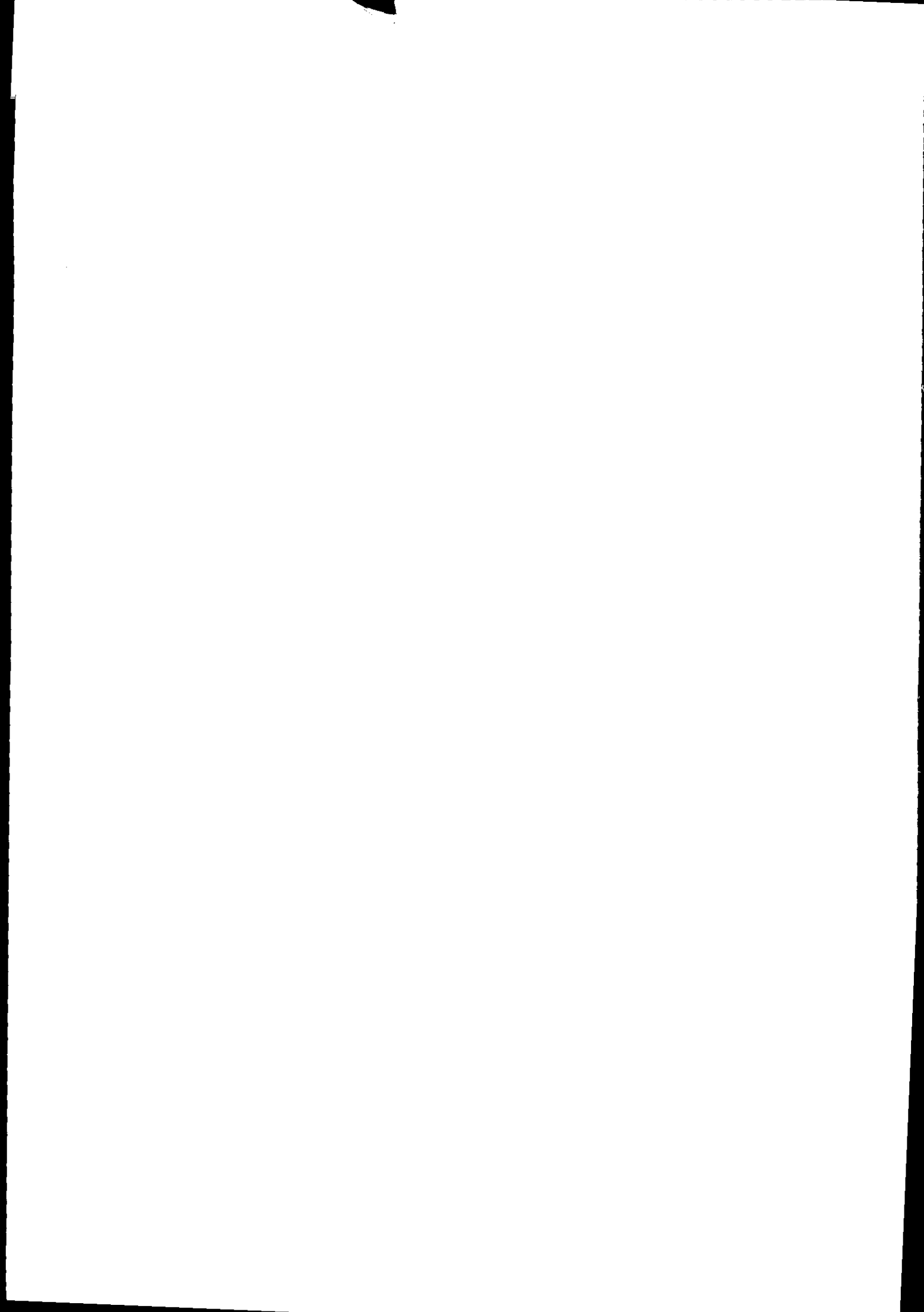
Turnover represents the total amount receivable in the ordinary course of business for services provided and for goods sold, net of value added tax.

The geographical analysis of turnover by origin is as follows:

	2001	2000
	£'000	£'000
United Kingdom	13,874	1,009
United States of America	3,919	10,666
Europe	-	142
	17,793	11,817

And by destination is as follows:

United Kingdom	8,137	22
United States of America	4,079	9,827
Africa	3,222	-
Europe	2,355	1,110
Middle East	-	839
Singapore	-	19
	17,793	11,817



Hunting Oilfield Services Limited

3 Net interest payable

	2001 £'000	2000 £'000
Group interest payable	(585)	(673)
Other interest payable	(28)	-
Total Interest payable	(613)	(673)
Group interest receivable	26	-
Other interest receivable	-	11
Total Interest receivable	26	11
Interest payable, net	(587)	(662)

4 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	2001 £'000	2000 £'000
Depreciation	1	52
Operating lease rentals	79	87
Loss on disposal of fixed assets	-	138
Auditors' remuneration:		
- audit fees	4	6
- other professional services	11	7

Hunting Oilfield Services Limited

5 Taxation on results on ordinary activities

The (charge)/credit for taxation is analysed as follows:

	Note	2001 £'000	2000 £'000
Current year:			
- UK corporation tax		(209)	(115)
- deferred tax	12	(323)	42
Prior year:			
- UK corporation tax		39	(89)
- overseas corporation tax		(8)	
- deferred tax	12	95	246
		(406)	84

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%), due to the effect of adjustments in respect of the prior year.

6 Tangible assets

	Plant and equipment £'000
Cost	
At 1 January 2001	29
Additions	8
Disposals	(3)
At 31 December 2001	34
Depreciation	
At 1 January 2001	-
Charge for the year	1
At 31 December 2001	1
Net book amount	
At 31 December 2001	33
At 31 December 2000	29

Hunting Oilfield Services Limited

7 Stocks

	2001	2000
	£'000	£'000
Work in progress	167	-
Finished goods and goods for resale	7,866	9,299
	8,033	9,299

8 Debtors

	Note	2001	2000
		£'000	£'000
Trade debtors		2,158	1,918
Amounts owed by group undertakings		4,419	4,986
Other debtors		1,363	270
Deferred tax asset	12	25	253
Prepayments and accrued income		1	-
		7,966	7,427

9 Creditors – amounts falling due within one year

	2001	2000
	£'000	£'000
Trade creditors	1,698	3,525
Bank overdraft	-	597
Corporation Tax	313	115
Dividends proposed	667	-
Accruals and deferred income	2,838	106
Other creditors	1,889	342
Amounts owed to group undertakings	9,665	11,156
	17,070	15,841

Hunting Oilfield Services Limited

10 Creditors – amounts falling due after more than one year

	2001	2000
	£'000	£'000
Loans from parent undertaking	1,600	1,600

There are no set repayment terms for the loans owed to the parent undertaking, which are unsecured and interest free.

11 Deferred Taxation

	2001	2000
	£'000	£'000
Accelerated capital allowances	25	4
Other timing differences	-	249
Deferred asset	25	253

The full amount of the deferred tax asset has been recognised in the financial statements as it is expected to be realised in the foreseeable future.

The movement on deferred tax asset is as follows:

	Note	£'000
1 January 2001		253
Transferred to the profit and loss account	5	(228)
31 December 2001		25

Hunting Oilfield Services Limited

12 Acquisitions

On 19 March 2001, Hunting Oilfield Services Limited acquired the assets and liabilities of Vinson Supply (UK) Ltd. The consideration was £4,361,000 which was paid in cash.

	Book and fair value of Net Assets Acquired £'000
Stock	4,284
Debtors	1,590
Creditors	(1,513)
Total consideration	4,361

The summarised profit and loss account, which has been extracted from unaudited management accounts of Vinson Supply (UK) Limited ("Vinson") for the period 1 January 2001 to 18 March 2001 is set out below:

	1 January 2001 to 18 March 2001 £'000
Turnover	1,703
Operating profit	219
Interest	(43)
Profit before tax	176
Taxation	(46)
Profit after tax	130

The profit after tax, which has been extracted from unaudited management accounts of Vinson in the year ended 31 December 2000 was £794,000.

The information shown above has been prepared on the basis of Vinson's accounting policies prior to the acquisition.

Hunting Oilfield Services Limited

13 Called up share capital

	2001	2000
	£'000	£'000
Authorised:		
1,000,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	-	-

14 Profit and loss account

	£'000
1 January 2001 – deficit	(686)
Profit for the financial year	704
Other movements – exchange	1
31 December 2001 – surplus	19

15 Reconciliation of movements in shareholder's funds

	2001	2000
	£'000	£'000
Profit for the financial year	704	269
Other recognised losses relating to the year	1	(111)
Net increase to shareholders' funds	705	158
Opening shareholders' funds – deficit	(686)	(844)
Closing shareholders' funds – surplus/(deficit)	19	(686)

16 Banking arrangements

The company is party to a group set-off arrangement with Barclays Bank PLC.

Hunting Oilfield Services Limited

17 Operating lease commitments

	Land and buildings £'000
Annual commitments under operating leases which expire between one and five years	79

18 Parent companies

Hunting Oilfield Services (International) Limited, is the parent undertaking of the smallest group to consolidate the financial statements of the company.

Hunting PLC is the parent undertaking of the largest group to consolidate these financial statements, and is also the ultimate parent company.

Copies of the financial statements of Hunting PLC may be obtained from the Company Secretary, Hunting PLC, 3 Cockspur Street, London SW1Y 5BQ.