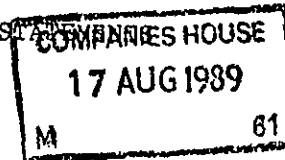


167480

HUNTING DRILLING INTERESTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 1988



# HUNTING DRILLING INTERESTS LIMITED

## DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 1988.

## DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were:

DN Jones  
NH Burgess  
GP Dollimore (Deceased 6 December 1988)  
DL Clark  
KW Miller

None of the directors had at any time any notifiable interest in the share capital of the company or its fellow subsidiaries. The notifiable interests of the directors in the ordinary shares and convertible loan stock of the ultimate holding company, Hunting Petroleum Services plc, are disclosed in the financial statements of the holding company, Hunting Oilfield Services Limited or the ultimate holding company, Hunting Petroleum Services plc.

## PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is the supply of sub sea connectors to the US market.

## RESULTS AND DIVIDEND

The loss for the financial year amounted to £1,300 (1987 - £584,190 profit) which shall be transferred from reserves. The directors do not propose the payment of a dividend in respect of the year.

## FUTURE DEVELOPMENTS

The directors are currently assessing the position of the company. One possibility being considered is that after honouring existing commitments the company will cease to trade.

HUNTING DRILLING INTERESTS LIMITED

DIRECTORS' REPORT (CONTINUED)

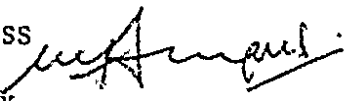
AUDITORS

Price Waterhouse have expressed their willingness to be re-appointed and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board

NH BURGESS

Secretary



30 June 1989



AUDITORS' REPORT TO THE MEMBERS OF  
HUNTING DRILLING INTERESTS LIMITED

We have audited the financial statements on pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1988 and of its loss and source and application of funds for the year then ended and comply with the Companies Act 1985.

*Price Waterhouse.*

PRICE WATERHOUSE  
Chartered Accountants

30 June 1989

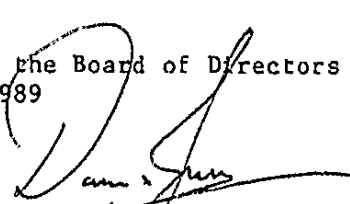
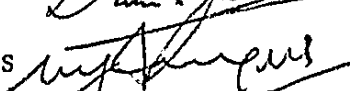
HUNTING DRILLING INTERESTS LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1988

	1988	1987
	£	£
TURNOVER (Note 3)	66,575	101,674
Change in stocks of finished goods and work in progress	<u>82,622</u>	<u>(6,752)</u>
	149,197	94,922
Raw materials and consumables	149,197	(16,860)
Other operating charges	<u>2,000</u>	<u>(3,657)</u>
	<u>(151,197)</u>	<u>(20,517)</u>
OPERATING (LOSS)/PROFIT	(2,000)	74,405
Other interest receivable and similar income	<u>-</u>	<u>15,625</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(2,000)	90,030
Tax on (loss)/profit on ordinary activities (Note 5)	<u>700</u>	<u>(31,510)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(1,300)	58,520
Extraordinary item	<u>-</u>	<u>525,670</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR (Note 11)	<u>(1,300)</u>	<u>584,190</u>

HUNTING DRILLING INTERESTS LIMITED

BALANCE SHEET - 31 DECEMBER 1988

	1988	1987
	£	£
CURRENT ASSETS		
Stocks (Note 6)	123,910	41,288
Debtors (Note 7)	<u>79,558</u>	<u>95,500</u>
	203,468	136,788
CREDITORS (Amounts falling due within one year) (Note 8)	<u>(331,914)</u>	<u>(269,616)</u>
NET CURRENT LIABILITIES	(128,446)	(132,828)
TOTAL ASSETS LESS CURRENT LIABILITIES	(128,446)	(132,828)
CREDITORS (Amounts falling due after more than one year) (Note 9)	<u>(515,309)</u>	<u>(513,609)</u>
	<u>(643,755)</u>	<u>(646,437)</u>
CAPITAL AND RESERVES		
Called up share capital (Note 10)	2	2
Profit and loss account (Note 11)	(643,757)	(646,439)
Approved by the Board of Directors on 30 June 1989		
DN JONES 		
NH BURGESS 		
	<u>(643,755)</u>	<u>(646,437)</u>

HUNTING DRILLING INTERESTS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 1988

	<u>1988</u> £	<u>1987</u> £
SOURCE OF FUNDS		
(Loss)/Profit on ordinary activities before taxation	(2,000)	90,030
Extraordinary items before taxation	-	695,390
Adjustment for items not involving the movement of funds:		
Exchange differences	<u>3,982</u>	<u>(28,689)</u>
TOTAL GENERATED FROM OPERATIONS	1,982	756,731
FUNDS FROM OTHER SOURCES		
Loan advanced	1,700	-
APPLICATION OF FUNDS		
Loans repaid	<u>-</u>	<u>2,086,391</u>
	<u>3,682</u>	<u>(1,329,660)</u>
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stock	82,622	(6,752)
Debtors	(15,942)	(181,782)
Creditors	(62,998)	176,043
MOVEMENT IN NET LIQUID FUNDS	<u>-</u>	<u>(1,317,169)</u>
	<u>3,682</u>	<u>(1,329,660)</u>

# HUNTING DRILLING INTERESTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1988

### 1 FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis as the directors have received an assurance from the directors of Hunting Oilfield Services Limited that they will continue to support the operations of the company to enable it to meet its obligations to third parties as they fall due.

### 2 ACCOUNTING POLICIES

#### (a) Accounting convention

The financial statements have been prepared under the historical cost convention.

#### (b) Foreign currencies

Assets and liabilities denominated in foreign currencies have been expressed in sterling at the market rates ruling at 31 December in each year. Exchange gains and losses arising on trading transactions are dealt with in the profit and loss account.

#### (c) Deferred taxation

Provision is made for deferred taxation on timing differences except where there is a reasonable probability that a liability will not arise in the foreseeable future.

#### (d) Stock

Stock is valued at the lower of cost and net realisable value.

### 3 TURNOVER

Turnover represents the total amount receivable in the ordinary course of business for services and goods invoiced net of value added tax. The principal business of the company is the supply of Big Inch connectors to the US market. All turnover arose in the USA.



# HUNTING DRILLING INTERESTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1988 (CONTINUED)

### 4 DIRECTORS' REMUNERATION

None of the directors received any remuneration for their services to the company (1987 - £Nil).

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1988</u> £	<u>1987</u> £
Based on the profit for the year at 35% (1987 - 35%):		
Corporation tax	<u>(700)</u>	<u>31,510</u>

### 6 STOCKS

	<u>1988</u> £	<u>1987</u> £
Finished goods	<u>123,910</u>	<u>41,288</u>

### 7 DEBTORS

	<u>1988</u> £	<u>1987</u> £
Due within one year:		
Other debtors	<u>23,204</u>	<u>28,478</u>
Due outwith one year:		
Other debtors	<u>56,354</u>	<u>67,022</u>
Total debtors	<u>79,558</u>	<u>95,500</u>

HUNTING DRILLING INTERESTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1988 (CONTINUED)

8 CREDITORS (amounts falling due within one year)

	<u>1988</u> £	<u>1987</u> £
Amounts owed to fellow subsidiaries	96,384	29,216
Accruals and deferred income	4,600	8,770
Corporation tax	<u>230,930</u>	<u>231,630</u>
	<u>331,914</u>	<u>269,616</u>

9 CREDITORS (Amounts falling due after more than one year)

	<u>1988</u> £	<u>1987</u> £
Loan from fellow subsidiary - unsecured	<u>515,309</u>	<u>513,609</u>

There are no fixed terms for repayment of the loan and it is non interest bearing.

10 CALLED UP SHARE CAPITAL

	<u>1988</u> £	<u>1987</u> £
Authorised:		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

11 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1988	(646,439)
Loss for the financial year	(1,300)
Exchange rate adjustment	<u>3,982</u>
At 31 December 1988	<u>643,757</u>

HUNTING DRILLING INTERESTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1988 (CONTINUED)

12      CONTINGENT LIABILITIES

The company has guaranteed the bank loans and overdrafts of its holding company and fellow UK subsidiaries. At 31 December 1988 the amount outstanding under this guarantee was £17,471,000 (1987 - £3,932,000). At the same date the amount outstanding to the credit of the accounts of other companies included in the guarantee amounted to £12,963,000 (1987 - £6,837,000).

13      ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Hunting Petroleum Services plc which is registered in England.