

Company Registration No. 2406673

PETROTECH UK LIMITED

Report and Financial Statements

31 December 2004



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PETROTECH UK LIMITED

Report and financial statements 2004

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PETROTECH UK LIMITED

Report and financial statements 2004

Officers and professional advisers

Director

Bjørn Dybdahl

Secretary

Stephenson Harwood

Registered office

One St Paul's Churchyard
London
EC4M 83H

Bankers

Clydesdale Bank plc
Principal Branch
5 Castle Street
Aberdeen

Solicitors

Wikborg, Rein & Co
65-66 Queen Street
London

Independent Auditors

Deloitte & Touche LLP
Chartered Accountants
Aberdeen

PETROTECH UK LIMITED

Director's report

The director presents his annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities

Petrotech UK Limited offers services connected to chemical and physical data gathering during the testing of exploration and appraisal wells. The services require the use of special techniques and equipment for sampling, process simulation and production measurement of gas, oil and water (also multiphase flow), and analysis of trace elements in the produced fluid. Petrotech hire out both equipment and personnel during the well testing.

Review of developments and future prospects

The director is satisfied with the result for the year. Activity in oil exploration is expected to continue at the same level in 2005 as in 2004. Petrotech UK Limited will continue to hire personnel and equipment from Petrotech ASA so as to be able to serve clients in UK.

Dividends and transfers to reserves

The director does not recommend the payment of a dividend (2003: £nil). The profit for the year after tax of £18,114 (2003: £64,813) has been transferred to reserves.

Director

The present membership of the board is set out on page 1. The director served throughout the year.

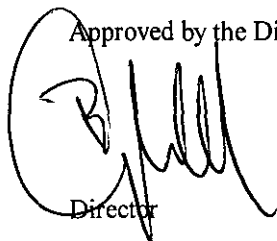
As the company is a wholly owned subsidiary of a body incorporated outside Great Britain, the director is not required to notify the company of interests in shares and debentures of that or any other body corporate incorporated outside Great Britain.

The director held no interest in the shares and debentures of any group companies incorporated in Great Britain.

Auditors

A resolution to reappoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Director



Director

31 January 2006

PETROTECH UK LIMITED

Statement of director's responsibilities

United Kingdom company law requires the director 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 or loss of the company for that period. In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of PETROTECH UK LIMITED

We have audited the financial statements Petrotech UK Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As described in the statement of director's responsibilities the company's director is responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 director 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Aberdeen

21 February 2006

PETROTECH UK LIMITED

Profit and loss account Year ended 31 December 2004

	Note	2004 £	2003 £
Turnover: continuing operations	2	355,980	414,000
Cost of sales		<u>(294,296)</u>	<u>(329,134)</u>
Gross profit		61,684	84,866
Other operating expenses (net)	4	<u>(9,970)</u>	<u>24,702</u>
Operating profit: continuing operations		51,714	109,568
Interest receivable	5	<u>1,387</u>	<u>4,255</u>
Profit on ordinary activities before taxation	6	53,101	113,823
Tax on profit on ordinary activities	7	<u>(34,987)</u>	<u>(49,010)</u>
Profit on ordinary activities after tax for the financial year		18,114	64,813
Retained profit brought forward		<u>205,867</u>	<u>141,054</u>
Retained profit carried forward	13	<u>223,981</u>	<u>205,867</u>

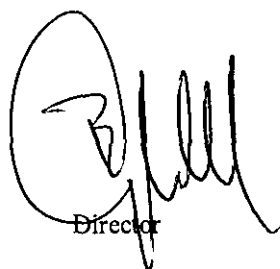
There are no gains or losses other than as included in profit for the current and the preceding financial year, accordingly no statement of total recognised gains and losses is presented.

PETROTECH UK LIMITED

Balance sheet 31 December 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	9	-	-
Current assets			
Debtors	10	218,036	190,996
Cash at bank and in hand		113,100	132,356
		<u>331,136</u>	<u>323,352</u>
Creditors: amounts falling due within one year	11	(97,155)	(107,485)
Net current assets		<u>233,981</u>	<u>215,867</u>
Net assets		<u>233,981</u>	<u>215,867</u>
Capital and reserves			
Called up share capital	12	10,000	10,000
Profit and loss account	13	233,981	205,867
Equity shareholders' funds	14	<u>233,981</u>	<u>215,867</u>

These financial statements were approved by the director on 31 January 2006.



Director

PETROTECH UK LIMITED

Notes to the financial statements Year ended 31 December 2004

1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards, which are consistent with those applied in the preceding year. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided to write off the cost of tangible fixed assets on a straight line over the expected useful economic lives of the assets concerned. The estimated useful lives used for this purpose are:

Years

Production equipment	5
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Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange gains or losses are dealt with in the profit and loss account.

2. Turnover

Turnover represents the amounts receivable for goods and services provided in the normal course of business net of trade discounts and VAT. Overseas turnover amounts to 97% (2003: 83%) of the total turnover in the year.

In the opinion of the director, turnover and results are attributable to a single class of business.

3. Director and employees

The director received no emoluments (2003: £nil) during the year.

The company had no employees during the year (2003: nil).

PETROTECH UK LIMITED

Notes to the financial statements Year ended 31 December 2004

4. Other operating expenses (net)

	2004 £	2003 £
Administrative expenses	(6,724)	(16,757)
Foreign exchange (losses)/gains	(3,246)	41,459
	<u>(9,970)</u>	<u>24,702</u>

5. Interest receivable

	2004 £	2003 £
Interest from fellow subsidiary	<u>1,387</u>	<u>4,255</u>

6. Profit on ordinary activities before taxation

	2004 £	2003 £
Profit on ordinary activities before taxation is arrived at after charging:		
Auditors' remuneration:		
Audit fees	<u>3,400</u>	<u>3,850</u>

7. Tax on profit on ordinary activities

	2004 £	2003 £
United Kingdom corporation tax at 19% (2003: 30%) based on the profit for the year	10,152	23,061
Double taxation relief	<u>(9,888)</u>	<u>(11,273)</u>
	264	11,788
Foreign tax	34,723	32,943
Prior year adjustment	<u>-</u>	<u>4,279</u>
Total current tax	<u>34,987</u>	<u>49,010</u>

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 19% (2003: 30%). The actual tax charge for the current year and the previous year is different from the standard rate for the reasons set out in the following reconciliation.

PETROTECH UK LIMITED

Notes to the financial statements Year ended 31 December 2004

7. Tax on profit on ordinary activities (continued)

	2004 £	2003 £
Profit on ordinary activities before tax	53,101	113,823
Tax on profit on ordinary activities at standard rate	10,089	34,147
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	265	67
Depreciation in excess of capital allowances	(202)	(427)
Rate differences	-	(10,659)
Unrelieved foreign taxes	24,835	21,603
Prior year adjustment	-	4,279
Total actual amount of current tax	34,987	49,010

8. Related party transactions

During the year, the company made purchases of £294,296 (2003: £296,628) from Petrotech ASA, its ultimate parent company, for hire of personnel and equipment and sales of £123,420 relating to rental of oil and gas bottles. Sales of £347,228 (2003: £351,572) were made during the year to Petrotech bv Kazakhstan Branch relating to the rental of oil and gas bottles. At the financial year end £161,696 (2003: £60,404) was due to Petrotech ASA. Also at the financial year end £328,576 (2003: £188,216) was due from Petrotech bv.

9. Tangible fixed assets

	Production equipment £
Cost	
At 1 January 2004 and at 31 December 2004	42,522
Depreciation	
At 1 January 2004 and at 31 December 2004	(42,522)
Net book value	
At 31 December 2003 and at 31 December 2004	-

PETROTECH UK LIMITED

Notes to the financial statements Year ended 31 December 2004

10. Debtors: amounts due within one year

	2004 £	2003 £
Trade debtors	883	1,003
Amounts due from fellow subsidiary	216,659	188,216
Other debtors	494	1,777
	<u>218,036</u>	<u>190,996</u>

11. Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	2,468	2,350
Amounts due to ultimate parent company	49,778	60,404
Corporation tax	44,909	44,731
	<u>97,155</u>	<u>107,485</u>

12. Called up share capital

	2004 £	2003 £
Authorised, allotted, called up and fully paid 100,000 ordinary shares of 10 pence each	<u>10,000</u>	<u>10,000</u>

13. Profit and loss account

	2004 £
Accumulated profit at 1 January 2004	205,867
Retained profit for the year	<u>18,114</u>
Accumulated profit at 31 December 2004	<u>223,981</u>

PETROTECH UK LIMITED

Notes to the financial statements Year ended 31 December 2004

14. Reconciliation of movements in equity shareholders' funds

	2004 £	2003 £
Opening shareholders' funds	215,867	151,054
Profit for the financial year	<u>18,114</u>	<u>64,813</u>
Closing shareholders' funds	<u>233,981</u>	<u>215,867</u>

15. Ultimate parent company

The director regards Petrotech ASA to be the controlling party. It is the company's immediate and ultimate parent company, which prepares group accounts and is incorporated in Norway. Copies of the group accounts of Petrotech ASA may be requested from the company secretary at:

Petrotech ASA
Postboks 575
5501 Haugesund
Norway

On 18 January 2005 Powerwell Services Holdings LLC acquired a majority interest in Petrotech ASA.