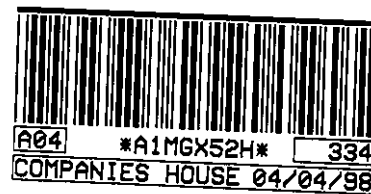


Petrofac UK Limited
Financial Statements
for the Year ended 31 December 1997
Company No. 02615887



SOARES & CO
Chartered Accountants
1A Colin Parade
Edgware Road
Colindale
London NW9 6SG

Petrofac UK Limited

Report of the Directors

Directors:

Mr A Asfari
Mr G S McLeod

The directors whose names are set out above submit their report together with the audited financial statements for the year ended 31 December 1997

Activity

The principal activity of the company is the provision of professional services to oil and gas production and refining facilities' contractors outside the United Kingdom.

Business Review and Future Developments

The company's results for the year are dealt with in detail within the statutory balance sheet and profit and loss account, and notes forming part of the financial statements.

The company has maintained its position in the market and the directors are satisfied with the results.

Results and Dividends

Profit for the year after taxation amounted to £43,832 and is dealt with in the profit and loss account.

During the year the issued share capital was increased from £1,000 to £100,000 by way of bonus issue of shares..

Fixed Assets

The changes in the fixed assets of the company during the financial year are shown in the notes to the accounts.

Directors and their Interests

A full list of directors is set out at the beginning of this report. The directors did not have any beneficial interest in the share capital of the company at the beginning and end of the year.

Petrofac UK Limited

Report of the Directors

Statement of Directors' Responsibility

Company law requires the directors to prepare financial statements 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 period. In preparing the financial statements, the directors are required to:

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

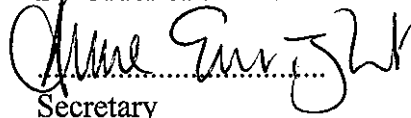
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Auditors

The auditors, Soares & Co will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

In preparing the above report the directors have taken advantage of special exemption applicable to small companies provided by Part VII of Schedule 8 to the Companies Act 1985.

By Order of the Board


Secretary

Registered Office:
205 Holland Park Avenue
London W11 4XB

Report of the Auditors to the Shareholders of Petrofac UK Limited

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

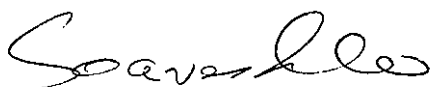
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Standards 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 mis-statement, 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 as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act applicable to small companies.



SOARES & CO
Chartered Accountants
1A Colin Parade
Edgware Road
Colindale
London NW8 6SG

Date 24/3/98

Petrofac UK Limited

Profit and Loss Account
for the Year ended 31 December 1997

	<i>Notes</i>	1997 £	1996 £
Turnover	2	823,589	707,832
Administration Costs	3	(764,547)	(641,827)
		<u>59,042</u>	<u>66,005</u>
Other operating income	4	1,388	670
		<u>60,430</u>	<u>66,675</u>
Profit on ordinary activities before taxation		60,430	66,675
Tax on ordinary activities	5	(16,590)	(17,745)
		<u>43,840</u>	<u>48,930</u>
Profit on ordinary activities after taxation		43,840	48,930
Bonus Issue	6 & 11	(99,000)	-
		<u>(55,160)</u>	<u>48,930</u>
Retained (Loss)/Profit for the year		(55,160)	48,930
Retained profit brought forward		142,967	94,037
		<u>£ 87,807</u>	<u>£ 142,967</u>
Retained profit carried forward		<u>£ 87,807</u>	<u>£ 142,967</u>

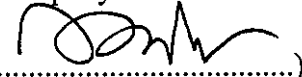
The company has no recognised gains or losses for the two years ended 31 December 1997.

The notes on pages 6 to 9 form part of these financial statements.

Petrofac UK Limited
Balance Sheet as at 31 December 1997

	<i>Notes</i>	1997 £	£	1996 £
Fixed Assets				
Tangible Assets	7		145,279	42,912
Current Assets				
Debtors	8	205,831		116,657
Cash at Bank and in hand		171,139		16,494
		<u>376,970</u>		<u>133,151</u>
Creditors: Amounts falling due within one year	9	(189,442)		(32,096)
Net Current Assets			<u>187,528</u>	<u>101,055</u>
Total assets less current liabilities			<u>332,807</u>	<u>143,967</u>
Creditors: Amounts falling due after more than one year				
Loan	10		(145,000)	-
			<u>187,807</u>	<u>143,967</u>
Capital and Reserves				
Share Capital	11		100,000	1,000
Reserves	12		87,807	142,967
			<u>£ 187,807</u>	<u>£ 143,967</u>

The directors have taken advantage of the exemption conferred by Section A of Part VII of Schedule 8 of the Companies Act 1985 on the basis the company qualified as a small company.


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A Asfari


 Directors
 G C McLeod

Date 23-3-98

The notes on pages 6 to 9 form part of these financial statements

Petrofac UK Limited

Notes forming part of the financial statements For the Year ended 31 December 1997

1. *Accounting Policies*

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Basis of Accounting

The financial statements have been prepared under the Historical Cost Convention.

Cash Flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard One 'Cash Flow Statements'.

Turnover

Turnover represents net amounts invoiced by the company in respect of goods sold and services rendered during the period and is stated net of value added tax.

Tangible Fixed Assets

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over the expected useful life as follows:

Motor Vehicle	25% written down value
Furniture & Fittings	25% written down value
Office Equipment	25% written down value

Deferred Taxation

Provision is made for deferred taxation, where material, except where there is a reasonable probability that no liability will arise in the foreseeable future.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transaction in foreign currencies are recorded at the rate ruling at date of the transaction. All differences are taken to the profit and loss account.

Petrofac UK Limited

Notes forming part of the financial statements for the Year ended 31 December 1997

2. *Turnover and Company Result*

The turnover and result arising on the ordinary trading activity derive from the same class of business which is more particularly described in the directors' report.

3. *Administrative Expenses*

	1997	1996
Administrative expenses include:	£	£
Depreciation	13,168	14,305
Auditor's remuneration	850	600
	=====	=====

4. *Other Operating Income*

Bank interest received	1,388	670
	=====	=====

5. *Taxation*

	1997	1996
	£	£
The taxation charge which is based on the results of the year is made up as follows:		

Current year Corporation Tax	16,590	17,745
	=====	=====

United Kingdom Corporation Tax has been computed at 24% & 21% (1996:24%).

6. *Bonus Issue*

	1997	1996
Ordinary Share £1 per share	£ 99,000	-
	=====	=====

Petrofac UK Limited

**Notes forming part of the financial statements
for the Year ended 31 December 1997**

7. Tangible Fixed Assets

The analysis of movement on tangible fixed assets is set out below:

	Motor Vehicle	Office Equipment	Furniture & Fittings	Total
Cost		£	£	£
As at 1 January 1997	15,640	30,030	50,183	95,853
Additions	-	3,510	128,538	132,048
Assets written off	-	(6,607)	(38,152)	(44,759)
As at 31 December 1997	<u>15,640</u>	<u>26,933</u>	<u>140,569</u>	<u>183,142</u>
Depreciation				
As at 1 January 1997	3,910	17,481	31,550	52,941
Charge for year	2,933	3,787	6,448	13,168
Assets written off	-	(5,696)	(22,550)	(28,246)
As at 31 December 1997	<u>6,843</u>	<u>15,572</u>	<u>15,448</u>	<u>37,863</u>
Net book value				
As at 31 December 1997	<u>8,797</u>	<u>11,361</u>	<u>125,121</u>	<u>145,279</u>
As at 31 December 1996	<u><u>11,730</u></u>	<u><u>12,549</u></u>	<u><u>18,633</u></u>	<u><u>42,912</u></u>

8. Debtors

	1997	1996
	£	£
Amounts falling due within one year:		
Due from fellow subsidiaries	137,038	68,450
Other Debtors	61,163	30,684
Customs & Excise	7,630	17,523
	<u>205,831</u>	<u>116,657</u>

Petrofac UK Limited

Notes forming part of the financial statements for the Year ended 31 December 1997

	1997	1996
	£	£
9. Creditors: Amounts falling due within one year		
Corporation Tax	16,590	17,745
Creditors and Accruals	15,054	1,768
Loan from fellow subsidiary (see Note 10)	145,000	-
Other taxation including Social Security	12,798	12,583
	<u>189,442</u>	<u>32,096</u>
	=====	=====
10. The loan of £290,000 is from a fellow subsidiary @ 8% interest and is repayable as follows:		
Amounts repayable within twelve months	145,000	-
Amounts repayable after twelve months	145,000	-
	<u>290,000</u>	<u>-</u>
	=====	=====
11. Share Capital		
Authorised:		
100,000 (1996, 1000) ordinary shares of £1 each	100,000	1,000
Allotted, called up and fully paid	<u>=====</u>	<u>=====</u>
100,000 (1996, 1000) ordinary shares of £1 each	100,000	1,000
	<u>=====</u>	<u>=====</u>
During the year the issued share capital was increased by £99,000 as explained in the directors' report.		
12. Reserves		
Profit and Loss Account		
Profit brought forward	142,967	94,037
(Loss)/Profit for the Year	(55,160)	48,930
	<u>£ 87,807</u>	<u>£ 142,967</u>
	=====	=====
13. Holding Company		
The holding company is Petrofac Corporation incorporated in Jersey.		