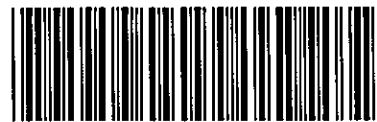


HOUSTON ENGINEERS LIMITED

Report and Financial Statements

31 December 2008

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COMPANIES HOUSE

HOUSTON ENGINEERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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HOUSTON ENGINEERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G A Bruce (Resigned 30 June 09)

J K De Vries

E G Hendry (Appointed 30 June 09)

SECRETARY

E G Hendry

REGISTERED OFFICE

C/o Smith International (North Sea) Limited

Badentoy Avenue

Portlethen Industrial Estate

Aberdeen

AB12 4YB

HOUSTON ENGINEERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

ACTIVITIES AND BUSINESS REVIEW

The company did not trade during the current or prior year and the directors do not envisage any trading activity in the foreseeable future.

No dividend was paid or proposed during the year (2007: nil).

DIRECTORS

The current directors of the company are set out on page 1.

Approved by the Board of Directors
and signed on behalf of the Board



E Hendry
Secretary

7 October 2009

HOUSTON ENGINEERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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.

HOUSTON ENGINEERS LIMITED

BALANCE SHEET 31 December 2008

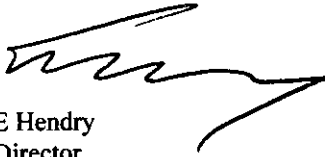
	Note	2008 £'000	2007 £'000
CURRENT ASSETS			
Debtors	2	7,319	7,319
NET ASSETS		<u>7,319</u>	<u>7,319</u>
CAPITAL AND RESERVES			
Called up share capital	3	100	100
Profit and loss account	4	7,219	7,219
SHAREHOLDERS' FUNDS		<u>7,319</u>	<u>7,319</u>

The annual financial statements have not been audited because the company is entitled to the exemption provided by Section 249AA(1) of the Companies Act 1985 relating to dormant companies and its members have not required the company to obtain an audit of these financial statements in accordance with section 249B(2).

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with section 221 of the Companies Act 1985. The directors also acknowledge their responsibilities for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year in accordance with section 226 of the Companies Act 1985 and which comply with the requirements of the act relating to financial statements, so far as applicable to the company.

These financial statements were approved by the Board of Directors on 7 October 2009.

Signed on behalf of the Board of Directors



E Hendry
Director

HOUSTON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

The company has taken advantage of the exemption in FRS1 to dispense with the requirement to include a cash flow statement in its accounts, as its accounts are incorporated into the accounts of Smith International Inc, which are publicly available.

2. DEBTORS

	2008 £'000	2007 £'000
Amounts owed by group undertakings	7,319	7,319
	<u>7,319</u>	<u>7,319</u>

3. CALLED UP SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised 150,000 ordinary shares of £1 each	150	150
Called up, allotted and fully paid 100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>

4. PROFIT & LOSS ACCOUNT

	Profit & loss account £'000
At 1 January 2008 and 31 December 2008	<u>7,219</u>

5. RELATED PARTY TRANSACTIONS

The company is exempt from the requirement of FRS8 to include details of transactions with other group companies.

HOUSTON ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

6. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of The Red Baron (Oil Tools Rental) Limited.

The smallest and largest group in which the results of the company are consolidated is that headed by Smith International Inc, a company incorporated in the state of Delaware, USA.

Copies of the group accounts are available from:

Smith International Inc
P O Box 60068
Houston, Texas
77205-0068
USA