

3D Stabilisers Limited
Directors' report and financial statements
for the year ended 31 December 2002

Registered Number SC135878



3D Stabilisers Limited

Directors' report and financial statements for the year ended 31 December 2002

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3D Stabilisers Limited

Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activity, review of business and future developments

The principal activity of the company is to develop and manufacture steerable downhole stabilisers.

Results and dividends

The profit for the financial year after taxation amounted to £nil (2001 – £nil).

The directors do not recommend the payment of a dividend (2001 - £nil).

Directors and their interests

The directors who served during the year are as follows:

MC Leys	(Resigned 15 January 2002)
H Keir	
JJ Stewart	(appointed 15 January 2002)
KT White	(appointed 15 January 2002)
J Tepera	(appointed 15 January 2002)

The Directors had the following interests in the ordinary shares of the company:

	Number of ordinary shares of £1 each	
	31 December 2002	31 December 2001
H Keir	-	55

Mr K T White Jr is a director of the ultimate parent company and his share interests are disclosed in the financial statements of that company.

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 are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

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 2002 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.

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Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 17 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'Tepera', with a large, stylized initial 'T'.

Secretary

Jeffrey L. Tepera

3D Stabilisers Limited

Independent auditors' report to the members of 3D Stabilisers Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes on pages 4 to 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual 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. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Aberdeen

30 October 2003

3D Stabilisers Limited

Profit and loss account for the year ended 31 December 2002

	Note	2002 £	2001 £
Turnover – continuing operations		134,379	-
Cost of sales		(134,379)	-
Result on ordinary activities before taxation		-	-
Taxation on result on ordinary activities		-	-
Result for the financial year		-	-

The company has no recognised gains and losses other than the result above and therefore no separate statement of total recognised gains and losses has been presented.

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

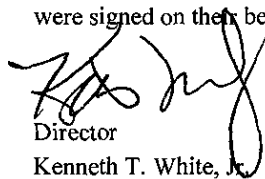
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Balance sheet as at 31 December 2002

	Note	2002 £	2001 £
Current assets			
Debtors	4	48,463	-
Cash		-	100
		48,463	100
Creditors: amounts falling due within one year	5	(48,363)	-
Net current assets		100	100
Net assets		100	-
Capital and reserves			
Called up share capital	6	100	100
Equity shareholders' funds		100	100

The full amount of shareholders' funds is attributable to equity interests.

The financial statements on pages 4 to 7 were approved by the board of directors on October 23, 2003 and were signed on their behalf by:



Director
Kenneth T. White, Jr.

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Notes to the financial statements for the year ended 31 December 2002

1 Accounting policies

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

Adoption of FRS 19

FRS 19 "Deferred Taxation" has been adopted in the year but had no impact on the financial statements.

2 Turnover

Turnover represents the amounts derived from activities performed on behalf of a fellow group undertaking and is stated net of value added tax.

3 Staff costs

The Directors were the only employees of the company during the year and the preceding year. In both years, the Directors remuneration was borne by a fellow group undertaking.

4 Debtors

	2002	2001
	£	£
Amounts owed by group companies	48,463	-

The balance due from group companies is interest free, unsecured and is repayable on demand.

5 Creditors – Amounts falling due within one year

	2002	2001
	£	£
Amounts owed to group companies	48,363	-

The balance owed to group companies is unsecured, interest free and repayable on demand.

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6 Called up share capital

	2002	2001
	£	£
Authorised, allotted, issued and fully paid	100	100

7 Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
Result for the financial year	-	-
Net addition/(deduction) to shareholders' funds	-	-
Opening shareholders' funds	100	100
Closing shareholders' funds	100	100

8 Related party transactions

The company has taken advantage of the 90% subsidiary exemption within FRS 8 not to disclose related party transactions with members of the group.

9 Cash flow statement

The company has taken advantage of the exemption in FRS 1 (Revised) "Cash Flow Statements" from including a cash flow statement in the financial statements on the grounds that its financial statements are incorporated into the consolidated financial statements of the ultimate parent undertaking, which are publicly available.

10 Ultimate controlling party

W-H Energy Services Inc, a company incorporated in USA is the ultimate parent company and the ultimate controlling party.

W-H Energy Services Inc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from 10370 Richmond Ave, Suite 990, Houston, Texas, USA.