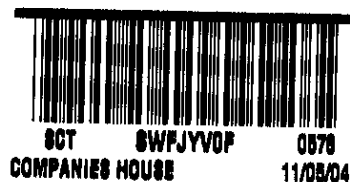


Sulzer Wood Limited
Accounts
for the Year Ended 31st December 2003



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SULZER WOOD LIMITED

DIRECTORS AND ADVISORS 2003

DIRECTORS

A Dron (Resigned 18/02/03)
G J Bradwell (Resigned 18/02/03)
W Edgar (resigned 18/09/03)
R Thornburn
W Jones (Appointed 18/02/03)
K Dowle (Appointed 18/02/03)
A G Langlands (Appointed 28/11/03)

SECRETARY

C Watson (Resigned 24/11/03)
I Johnson (Appointed 24/11/03)

REGISTERED OFFICE

John Wood House
Greenwell Road
East Tullos
Aberdeen
AB1 4AX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP

BANKERS

Clydesdale Bank plc
Ellon Branch
Market Street
Ellon

SOLICITORS

Paul & Williamsons
Investment House
6 Union Row
Aberdeen

SULZER WOOD LIMITED

DIRECTORS' REPORT FOR THE

YEAR ENDED 31st DECEMBER 2003

The directors present their annual report and the audited financial statements for the year ended 31st December 2003.

ACTIVITIES

The principal activity of the company is the provision of specialist services relating to the repair of pumps and oil related equipment.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

In the year the group has achieved a turnover of £12,708,000 (2002: £11,262,000) and recorded a profit before taxation of £1,568,000 (2002: £1,110,000).

The directors remain positive about the future prospects for the company.

DIVIDENDS AND TRANSFERS TO RESERVES

The profit for the year amounted to £1,091,000 (2002 : £768,000). The directors have paid a dividend of £124,000 (2002: £140,000). The retained profit of £967,000 has been transferred to reserves (2002: profit of £628,000).

DIRECTORS

The directors that were in office at any point during the year were

A Dron
G Bradwell
W Edgar
R Thornburn
W Jones
K Dowle
A G Langlands

None of the directors had an interest in the ordinary shares of the company at any point during the year.

There were no contracts with the company or its subsidiaries during the period in which any of the directors had an interest.

AUDITORS

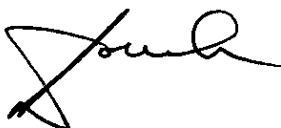
PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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 as at the end of the financial year 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 2003, and that applicable accounting standards have been followed.

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 ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence, taking reasonable steps for the prevention and detection of fraud and other irregularities or errors.



By Order of the Board
K Dowle
Director

19th April 2004

SULZER WOOD LIMITED

Independent auditors' report to the members of Sulzer Wood Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with the 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 into 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. The other information comprises only the directors' report.

Basis of 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 circumstances of the company, 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 affairs of the company as at 31st December 2003 and of the profit of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

26th April

2004

SULZER WOOD LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003

		2003	2002
	<i>Note</i>	£000	£000
Turnover	2	12,708	11,262
Cost of Sales		(9,950)	(8,886)
Gross Profit		<u>2,758</u>	<u>2,376</u>
Other operating income		3	1
Administrative expenses		(1,236)	(1,281)
Operating Profit	3	<u>1,525</u>	<u>1,096</u>
Interest receivable and similar income	5	43	14
Profit on Ordinary Activities Before Taxation		<u>1,568</u>	<u>1,110</u>
Tax on profit on ordinary activities	6	(477)	(342)
Profit on Ordinary Activities After Taxation		<u>1,091</u>	<u>768</u>
Dividends	7	(124)	(140)
Retained profit for the financial year transferred to reserves	14, 15	<u><u>967</u></u>	<u><u>628</u></u>

All operations relate to continuing activities.

No statement of total recognised gains and losses has been presented as there have been no recognised gains and losses other than those shown above.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year, stated above, and their historical cost equivalents.

SULZER WOOD LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2003

		2003	2002
	Note	£000	£000
Fixed Assets			
Tangible assets	8	146	181
Current Assets			
Stocks	9	2,400	2,650
Debtors - due within one year	10	2,444	2,652
Cash at bank and in hand		2,533	851
		<u>7,377</u>	<u>6,153</u>
Creditors: Amounts falling due within one year	11	<u>(2,259)</u>	<u>(2,037)</u>
Net Current Assets		<u>5,118</u>	<u>4,116</u>
Total Assets less Current Liabilities		<u>5,264</u>	<u>4,297</u>
Net Assets		<u><u>5,264</u></u>	<u><u>4,297</u></u>
Capital and Reserves			
Called up share capital	13	198	198
Profit and loss account	14	5,066	4,099
Equity Shareholders' Funds	15	<u><u>5,264</u></u>	<u><u>4,297</u></u>

The financial statements on pages four to fifteen were approved by the board of directors on 19th April 2004, and were signed on its behalf by:



K Dowle
Director

SULZER WOOD LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2003

		2003	2002
	Note	£000	£000
Net cash inflow from operating activities	20	2,155	661
Returns on investments and servicing of finance			
Interest received		43	14
Taxation			
UK Corporation Tax paid		(359)	(430)
Capital Expenditure			
Purchase of tangible fixed assets		(36)	(22)
Proceeds from sales of fixed assets		<u>3</u>	<u>3</u>
Net cash outflow from capital expenditure		(33)	(19)
Equity dividends paid		<u>(124)</u>	<u>(140)</u>
Increase in cash	22	<u>1,682</u>	<u>86</u>

SULZER WOOD LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The accounts have been prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) Accounting convention

The accounts are prepared on the going concern basis under the historical cost convention.

(b) Stocks and work in progress

Stocks, representing raw materials, consumables, work in progress, finished goods and goods for resale are valued at the lower of cost and net realisable value. Cost represents materials, payments to subcontractors, direct labour and, where appropriate, production overheads.

(c) Fixed assets

Depreciation is provided on a straight line basis to write off cost of each asset over its estimated useful life. The estimated useful lives are as follows:

Motor Vehicles	4 years
Plant & Equipment	5-10 years

(d) Foreign currencies

Currency receipts and payments on account of uncompleted contracts are translated at the rates ruling on the dates of the transactions. Other monetary assets and liabilities in foreign currencies are translated at the rates ruling at the year end. Gains or losses resulting from realignment of currencies or from conversion of foreign exchange have been treated as normal items of the year's operations.

(e) Turnover

Turnover represents the value of goods and services invoiced, excluding VAT, to customers during the year or, where appropriate, the value of work done.

(f) Deferred taxation

Following the introduction of FRS19, provision is made for deferred tax in so far as a liability or asset arose as a result of transactions that had occurred by the balance sheet date and gives rise to an obligation to pay more tax in the future, or a right to pay less tax in the future. An asset has not been recognised to the extent that the transfer of economic benefits is uncertain. Deferred tax assets and liabilities have not been discounted.

(g) Pension Costs

The company is a member of a group which operates a defined benefit pension scheme, the assets of which are held in a separate trustee administered fund. The expected cost of pensions is charged to the profit and loss account so as to spread the cost of pensions over the service life of employees in the scheme. Variations from regular costs are spread over the average expected remaining working lives of current members in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries. The transitional disclosure requirements under FRS 17 'Retirement benefits' have been adopted and are disclosed in the group financial statements prepared by Sulzer (UK) Holdings Limited.

The company also runs a number of defined contribution scheme for its employees. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

(h) Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

SULZER WOOD LIMITED
Notes to the Accounts (continued)

2 TURNOVER

All turnover originates in the United Kingdom.

	2003	2002
	£000	£000
Geographical analysis of turnover, by destination, is:		
United Kingdom	12,708	11,262
	<u>12,708</u>	<u>11,262</u>

3 OPERATING PROFIT

	2003	2002
	£000	£000
Operating profit is after charging/(crediting):		
(Profit) on sale of tangible fixed assets	(3)	(1)
Operating lease charges - plant and machinery	220	112
Operating lease charges - other	98	220
Audit fees	4	9
Depreciation	70	97
	<u>70</u>	<u>97</u>

4 EMPLOYEES

	2003	2002
	£000	£000
Staff costs comprise:		
Wages and salaries	2,354	2,440
Social security costs	213	207
Other pension costs	90	85
	<u>2,657</u>	<u>2,732</u>

	Number	Number
The average number of employees each week during the year was:		
Manufacturing and technical	50	59
Administration	23	23
	<u>73</u>	<u>82</u>

No directors received remuneration from the company.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2003	2002
	£000	£000
Income from bank deposits	43	14
	<u>43</u>	<u>14</u>

SULZER WOOD LIMITED
Notes to the Accounts (continued)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£000	£000
Current Tax:		
UK corporation tax on profits of the period	481	355
Adjustment in respect of previous periods	-	(1)
Total current tax	<u>481</u>	<u>354</u>
Deferred tax		
Reversal of timing differences	(4)	(12)
Adjustment in respect of previous periods	-	-
Tax on profit on ordinary activities	<u>477</u>	<u>342</u>

The tax charge for each period is higher than that resulting from applying the standard rate of corporation tax in the UK. The differences are explained below:

	2003	2002
	£000	£000
Profit on ordinary activities before tax	<u>1,568</u>	<u>1,110</u>
Tax at 30% thereon (2002 -30%)	<u>470</u>	<u>333</u>
Effects of:		
Expenses not deductible for tax purposes	7	9
Depreciation in excess of capital allowances	4	13
Adjustments to tax charge in respect of prior year	-	(1)
Current tax charge for the period	<u>481</u>	<u>354</u>

7 DIVIDENDS

	2003	2002
	£000	£000
Equity dividend paid 124p per ordinary share (2002 - 140p per ordinary share)	124	140
	<u>124</u>	<u>140</u>

SULZER WOOD LIMITED
Notes to the Accounts continued

8 TANGIBLE FIXED ASSETS

	<i>Motor Vehicles</i>	<i>Plant and Machinery</i>	<i>Total</i>
	£000	£000	£000
<i>Cost</i>			
At 1st January 2003	7	1,257	1,264
Additions during the year	-	36	36
Disposals during the year	(7)	(7)	(14)
At 31st December 2003	-	1,286	1,286
<i>Accumulated depreciation</i>			
At 1st January 2003	7	1,076	1,083
Charged during the year	-	71	71
Disposals during the year	(7)	(7)	(14)
At 31st December 2003	-	1,140	1,140
<i>Net book value</i>			
At 31st December, 2003	-	146	146
<i>Net book value</i>			
At 31st December, 2002	-	181	181

SULZER WOOD LIMITED
Notes to the Accounts continued

9 STOCKS

	2003	2002
	£000	£000
Work in progress	995	778
Raw materials and consumables	123	125
Finished goods and goods held for resale	1,282	1,747
	<u>2,400</u>	<u>2,650</u>

10 DEBTORS

	2003	2002
	£000	£000
Trade debtors	1,917	2,249
Amounts due from parent company	14	52
Amounts due from fellow associates	175	92
Amounts due from fellow subsidiaries	38	26
Prepayments and accrued income	300	233
	<u>2,444</u>	<u>2,652</u>

Included within debtors is a deferred tax asset, as analysed below.

	2003	2002
	£000	£000
Deferred taxation		
Capital allowances in excess of depreciation	7	3
Other timing differences	1	1
Deferred tax asset	<u>8</u>	<u>4</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
	£000	£000
Trade creditors	1,013	1,537
Amounts owed to parent and fellow subsidiary undertakings	522	-
Amounts owed to Associated companies	2	-
Corporation tax	273	108
Taxation and social security	310	312
Accruals and deferred income	139	80
	<u>2,259</u>	<u>2,037</u>

SULZER WOOD LIMITED
Notes to the Accounts continued

12 PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Balance at 1st January 2003</i>	<i>Credited in year</i>	<i>Balance at 31st December 2003</i>
	£000	£000	£000
Deferred taxation	(4)	(4)	(8)
	<u>(4)</u>	<u>(4)</u>	<u>(8)</u>

Deferred tax of £4,000 has been credited to the profit and loss account during the year. This has resulted in a year end position of a £4,000 deferred tax asset.

	2003	2002
	£000	£000
Deferred taxation comprises:		
Capital allowances in excess of depreciation	(7)	(3)
Other timing differences	(1)	(1)
Deferred tax asset	<u>(8)</u>	<u>(4)</u>

13 CALLED UP SHARE CAPITAL

	2003	2002
	£000	£000
Authorised		
100,000 'A' ordinary shares of £1 each	100	100
100,000 'B' ordinary shares of £1 each	<u>100</u>	<u>100</u>
	200	200
Allotted and fully paid		
100,000 'A' ordinary shares of £1 each	100	100
98,000 'B' ordinary shares of £1 each	<u>98</u>	<u>98</u>
	198	198

The 'A' ordinary and 'B' ordinary shares rank pari passu in all respects.

14 RESERVES

	<i>Profit and Loss Account</i>
	£000
At 1st January 2003	4,099
Retained profit	<u>967</u>
At 31st December 2003	<u>5,066</u>

15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	2003	2002
	£000	£000
Profit for the financial year	1,091	768
Dividends	<u>(124)</u>	<u>(140)</u>
Net movement in shareholders funds	967	628
Opening shareholders funds	<u>4,297</u>	<u>3,669</u>
Closing shareholders funds	<u>5,264</u>	<u>4,297</u>

SULZER WOOD LIMITED
Notes to the Accounts (continued)

16 OPERATING LEASE COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year:

	2003 Land and Buildings £000	2003 Other £000	2002 Land and Buildings £000	2002 Other £000
Expiring within one year	72	11	-	8
Expiring within two to five years	-	42	-	69
Expiring after five years	100	-	220	-
	<u>172</u>	<u>53</u>	<u>220</u>	<u>77</u>

17 ULTIMATE PARENT COMPANY

The company's immediate parent is Sulzer Pumps (UK) Limited. Copies of the Sulzer Pumps (UK) Limited group accounts are available from The Secretary, Sulzer Pumps (UK) Limited, Manor Mill Lane, Leeds, LS11 8BR.

The ultimate parent and controlling company is Sulzer AG, a company incorporated in Switzerland. Sulzer AG prepares group accounts, which include the results of the UK Group. Copies of the group's accounts are available from Sulzer AG, CH 8401 Winterthur, Switzerland or can be downloaded from the website at www.sulzer.com.

18 PENSION SCHEME

The company operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds.

The pension cost charge represents contributions payable by the company to these funds and amounted to £90,007 (2002: £85,129). Contributions totalling £6,835 (2001: £4,934) were payable at the year end and are included in creditors.

SULZER WOOD LIMITED
Notes to the Accounts (continued)

19 RELATED PARTY TRANSACTIONS

The company has undertaken the following transactions, under commercial terms, with the following related parties.

Relationship	Transaction	Company	Aggregate Value of Transactions £000
Fellow subsidiary (including parent company)	Sale of Goods and Services	Sulzer Pumps (UK) Ltd Sulzer Pompes Sulzer Weiss GmbH Sulzer Chemtech AG	186
Fellow Associate	Sale of Goods and Services	Wood Group Engineering Ltd Northern Integrated Service Ltd	1,538
Fellow subsidiary (including parent company)	Purchase of materials and services	Sulzer Pumps (UK) Ltd Mardon Dot Co Ltd Sulzer Brazil SA Sulzer Repcoare AS Sulzer Pompen Benelux BV	1,474
Fellow Associate	Purchase of materials and services	Rolls Wood Group (Repair and Overhaul) Ltd John Wood Group plc Wood Group Engineering Ltd Wood Group Pressure Control and engineering Services Ltd Wood Group Fuel Systems Ltd	4

Fellow associates are members of John Wood Group Plc, which owns the 'B' ordinary shares.

20 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£000	£000
Operating Profit	1,525	1,096
Depreciation	71	97
Loss / (gain) on sale of fixed assets	(3)	(1)
Decrease / (Increase) in stock	250	(249)
Decrease / (Increase) in debtors	212	(103)
(Decrease) / Increase in creditors	100	(179)
Net cash inflow from operating activities	<u>2,155</u>	<u>661</u>

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2003	2002
	£000	£000
Increase in cash	1,682	86
Net funds at 1 January 2003	851	765
Net funds at 31 December 2003	<u>2,533</u>	<u>851</u>

SULZER WOOD LIMITED
Notes to the Accounts (continued)

22 ANALYSIS OF NET FUNDS

	At 1st January 2003 £000	Cash Flow £000	At 31st December 2003 £000
Cash at hand and at bank	<u>851</u>	<u>1,682</u>	<u>2,533</u>