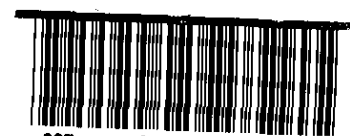


FISHING SERVICES LIMITED

Annual Report and Financial Statements

For the year ended 30 April 1999

Registered No. 153760



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Fishing Services Limited
Annual report and Financial Statements
for the year ended 30 April 1999

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Fishing Services Limited

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Directors and Advisers

Director

Mr I.A.Suttie

Secretary, Solicitors and Registered Office

Paul & Williamsons
6 Union Row
Aberdeen
AB10 1DQ

Auditors

Deloitte & Touche
39 St Vincent Place
Glasgow
G1 2QQ

Bankers

Bank of Scotland
39 Albyn Place
Aberdeen
AB10 1YN

Fishing Services Limited
Director's Report
for the year ended 30 April 1999

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The director presents his report and the audited financial statements for the year ended 30 April 1999.

Principal Activity

The principal activity of the company is the rental of oilfield equipment.

Review of the business and future development

The results for the year were disappointing. However the Director believes by continuing investment in personnel and equipment the future return will prove to be satisfactory.

Post balance sheet events

Following a review of its operations and future prospects it has been decided that the future goals of the business would best be served by the transfer of the business and the assets of the company to Offshore Rentals Ltd, a fellow subsidiary. This would enable much of the operation to be rationalised whilst still providing the same service. It is not anticipated that there will be significant costs in this reorganisation.

Year 2000

The company's business systems and processes were reviewed for Year 2000 compliance in 1998 to identify areas of risk. A programme was developed to ensure that all business systems will correctly process future dates, that any embedded logic will operate over the millennium change and to liaise with the company's suppliers and customers to ensure continuity of supply chain arrangements.

The approach with regard to business systems has been a combination of modification to existing systems and replacement as part of the company's ongoing investment programme. The company has communicated with its suppliers to ensure that all purchases now meet Year 2000 compliance.

The cost of achieving full compliance has not been quantified, the cost however is expected to be modest given that older systems requiring modification were scheduled for replacement.

Branches

During the year the company operated a branch in Qatar.

Dividends and transfers to reserves

The director does not recommend payment of a dividend. The loss for the year of £657,676 (1998 loss : £492,790) has been taken to reserves.

Fishing Services Limited

Director's Report

for the year ended 30 April 1999 (continued)

Director and his Interests in the Shares of the Company

The sole director of the company during the year was Mr I. A. Suttie

Mr I. A. Suttie does not hold any interest in the shareholding of the company. His interest in the shareholding of the ultimate parent company, Orwell Group plc, is disclosed in the financial statements of that company.

Statement of director's responsibilities

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 them to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for the company's system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

Auditors

Coopers & Lybrand resigned as auditors on 10 June 1999, and Deloitte & Touche were appointed by the director to fill the vacancy. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to appoint them as auditors will be proposed at the Annual General Meeting.

On behalf of the Board



I.A.Suttie
Director

Date : 30th August 1999

**Report of the Auditor to the members of
Fishing Services Limited**

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We have audited the accounts on pages 5 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's director is 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.

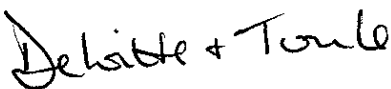
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing 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 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 the affairs of the company as at 30 April 1999 and of the profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors

15 September 1999

39 St Vincent Place
Glasgow
G1 2QQ

Fishing Services Limited
Profit and Loss Account
for the year ended 30 April 1999

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	Note	1999 £	1998 £
Turnover	1	584,256	1,040,552
Cost of sales		932,882	1,227,757
Gross loss		<u>(348,626)</u>	<u>(187,205)</u>
Net operating expenses	2	372,991	207,076
Operating loss	3	<u>(721,617)</u>	<u>(394,281)</u>
Investment income	5	1,558	535
Interest payable and similar charges	6	(242,259)	(200,435)
Loss on ordinary activities before taxation		<u>(962,318)</u>	<u>(594,181)</u>
Taxation	7	(304,642)	(101,391)
Loss for year	13	<u><u>(657,676)</u></u>	<u><u>(492,790)</u></u>

All items dealt with in arriving at the loss for the year relate to continuing activities.

The company has no significant recognised gains or losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation for the year stated above and the historical cost equivalents.

Fishing Services Limited
Balance Sheet as at 30 April 1999

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	Note	1999 £	1998 £
Fixed assets			
Tangible assets	8	<u>1,296,318</u>	<u>1,452,068</u>
Current assets			
Debtors	9	437,980	756,969
Bank		<u>74,422</u>	<u>-</u>
		<u>512,402</u>	<u>756,969</u>
Creditors - amounts falling due within one year	10	<u>3,192,644</u>	<u>2,938,719</u>
Net current liabilities		<u>(2,680,242)</u>	<u>(2,181,750)</u>
Total assets less current liabilities		<u>(1,383,924)</u>	<u>(729,682)</u>
Provision for liabilities and charges	11	116,110	112,676
Net liabilities		<u>(1,500,034)</u>	<u>(842,358)</u>
Capital and reserves			
Called up share capital	12	2	2
Profit & loss Account	13	(1,500,036)	(842,360)
Equity shareholders' funds	14	<u>(1,500,034)</u>	<u>(842,358)</u>

The financial statements on pages 5 to 13 were approved by the director on 30th August 1999



I A Suttie
Director

Fishing Services Limited
Notes to the Financial Statements
for the year ended 30 April 1999

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1. Principal Accounting Policies

The financial statements are prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

Accounting Convention

The accounts are prepared under the historical cost convention.

Fixed Assets

The cost of tangible fixed assets is their purchase cost together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned. The principle annual rates used for this purpose are :-

	%
Rental Equipment	12.5
Plant & Machinery	25
Motor Vehicles	25

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Foreign Currencies

Transactions denominated in foreign currencies have been translated to sterling at the average rate for the month. Exchange gains and losses resulting from these transactions are credited or charged to the results before tax.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year.

Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that it is probable that a liability will arise.

Cash Flow Statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the basis that it meets the small company criteria defined by the Companies Act 1985.

Fishing Services Limited

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Notes to the Financial Statements (continued) for the year ended 30 April 1999

2. Net Operating Expenses

Net operating expenses are made up of -

	1999 £	1998 £
Administrative expenses	413,477	222,444
Other operating income	(40,486)	(15,368)
	<u>372,991</u>	<u>207,076</u>

3. Operating Loss

Operating loss is stated after charging/(crediting) -

	1999 £	1998 £
Depreciation owned assets	258,387	249,407
Auditors' remuneration	2,000	1,100
Gain on disposal of tangible fixed assets	(15,109)	(27,591)
Foreign exchange gain	<u>(25,377)</u>	<u>(25,458)</u>

4. Director's Emoluments and Employee Information

The director received no emoluments during the year (1998 : £nil), with no pension entitlement accruing.

The average monthly number of persons employed by the company during the year is analysed as follows :-

	1999 No.	1998 No.
Warehouse and Distribution	6	8
Administration	3	2
	<u>9</u>	<u>10</u>

Fishing Services Limited

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Notes to the Financial Statements (continued) for the year ended 30 April 1999

4. Director's Emoluments and Employee Information (continued)

Employment Costs -

	1999 £	1998 £
Wages and salaries	528,499	449,078
Social Security Costs	46,174	31,777
Pension Costs	7,105	5,780
	<u>581,778</u>	<u>486,635</u>

5. Investment Income

All investment income arises from bank interest received.

6. Interest Payable and Similar Charges

	1999 £	1998 £
On bank overdraft	<u>242,259</u>	<u>200,435</u>

7. Taxation on loss on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax at 31% (1998 : 31%)		
Current		
Group relief	(308,076)	(214,067)
Deferred	8,678	28,343
	<u>(299,398)</u>	<u>(185,724)</u>
(Over)/under provision in respect of prior years		
Deferred	(5,244)	84,333
	<u>(304,642)</u>	<u>(101,391)</u>

Fishing Services Limited

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**Notes to the Financial Statements (continued)
for the year ended 30 April 1999****8. Tangible fixed assets**

	Rental Equipment £	Plant & Machinery £	Motor Vehicles £	Total £
Cost				
At 1 May 1998	1,997,056	25,216	13,807	2,036,079
Additions	110,059	-	-	110,059
Disposals	(11,990)	-	-	(11,990)
At 30 April 1999	<u>2,095,125</u>	<u>25,216</u>	<u>13,807</u>	<u>2,134,148</u>
Depreciation				
At 1 May 1998	569,667	10,604	3,740	584,011
Charge for year	248,631	6,304	3,452	258,387
Depreciation on disposals	(4,568)	-	-	(4,568)
At 30 April 1999	<u>813,730</u>	<u>16,908</u>	<u>7,192</u>	<u>837,830</u>
Net Book Value				
At 30 April 1999	<u>1,281,395</u>	<u>8,308</u>	<u>6,615</u>	<u>1,296,318</u>
Net Book Value				
At 30 April 1998	<u>1,427,389</u>	<u>14,612</u>	<u>10,067</u>	<u>1,452,068</u>

9. Debtors

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	106,079	173,240
Amounts owed by fellow subsidiary undertakings	5,286	51,155
Prepayments and accrued income	672	3,545
Other debtors	17,867	-
Group relief receivable	308,076	529,029
	<u>437,980</u>	<u>756,969</u>

Fishing Services Limited

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Notes to the Financial Statements (continued) for the year ended 30 April 1999

10. Creditors : amounts falling due within one year

	1999 £	1998 £
Bank Overdraft	2,869,174	2,556,278
Trade Creditors	141,532	133,366
Amounts owed to parent company	3,794	149,947
Amounts owed to fellow subsidiary undertakings	104,442	-
Other taxation and social security	32,250	25,542
Accruals	38,546	71,852
Other creditors	2,906	1,734
	<u>3,192,644</u>	<u>2,938,719</u>

11. Provisions for Liabilities and Charges

Deferred Taxation

The movement on the provision for deferred taxation is as follows :

	1999 £	1998 £
At 1 May 1998	112,676	-
Current year charge	8,678	28,343
Adjustment in respect of prior years	(5,244)	84,333
At 30 April 1999	<u>116,110</u>	<u>112,676</u>

Deferred taxation is fully provided in the financial statements as follows :

	1999 £	1998 £
Accelerated capital allowances	126,941	116,854
Other	(10,831)	(4,178)
	<u>116,110</u>	<u>112,676</u>

Fishing Services Limited

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Notes to the Financial Statements (continued) for the year ended 30 April 1999

12. Share Capital

	1999 £	1998 £
Authorised		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Alloted, called up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

13. Profit and loss account

	£
At 1 May 1998	(842,360)
Loss for year	(657,676)
At 30 April 1999	<u>(1,500,036)</u>

14. Reconciliation of movements in Shareholders' Funds

	1999 £	1998 £
Loss for the year	(657,676)	(492,790)
Opening shareholders' funds	(842,358)	(349,568)
Closing shareholders' funds	<u>(1,500,034)</u>	<u>(842,358)</u>

15. Pension and Similar Obligations

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £7,105 (1998 £5,780).

Contributions of £1,478 were payable at 30 April 1999 (1998 : £1,734).

Fishing Services Limited

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Notes to the Financial Statements (continued) for the year ended 30 April 1999

16. Related Party Transactions

The company is a wholly owned subsidiary of Orwell Group plc which prepares consolidated financial statements, therefore the company is exempt from the requirement to disclose further information with regard to related party transactions which are eliminated on consolidation.

There were no other material related party transactions.

17. Ultimate Parent Company

Fishing Services Limited is a wholly owned subsidiary of Orwell Group plc. The director regards Orwell Group plc, a company registered in Scotland, as the ultimate parent company at 30 April 1999. The director regards Mr I. A. Suttie as the ultimate controlling party by virtue of his controlling interest in the equity capital of Orwell Group plc. Copies of the parent company's financial statements may be obtained from the registered office detailed on page 1.

The ultimate parent company has confirmed that it will provide such support as will enable the company to trade as a going concern meeting its obligations as they fall due for the next 12 months in the absence of any event whereby the parent/subsidiary relationship will cease to exist.