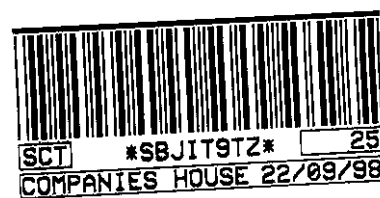


Altra Holdings Limited

Directors' report and financial statements

For the period from incorporation 6 August 1996
to 31 December 1997

Registered number 167498



Directors' report and financial statements

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Directors' report

The directors present their annual report and audited financial statements for the period from incorporation 6 August 1996 to 31 December 1997.

Principal activity

The principal activity of Altra Holdings Limited is to act as the parent company for its subsidiary undertaking which provides engineering and related technical consultancy services.

Directors and directors' interests

The directors who held office during the year were as follows:

JM Bergeland	(appointed 6 September 1996)
K Lenning	(appointed 6 September 1996)
P Alexander	(appointed 19 March 1997)
C Levett	(appointed 6 September 1996, resigned 19 March 1997)
T Kennedy	(resigned 5 January 1998)
R Valand	(resigned 5 January 1998)
GM McLellan	(resigned 5 January 1998)

The directors who held office at the end of the financial period had no interests in the shares of the company or other group companies as recorded in the register of directors' interests.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


P Alexander
Director

Investment House
6 Union Row
Aberdeen
Scotland
AB10 1DQ

3 August 1998

Statement of directors' responsibilities

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 for that period. In preparing those financial statements, the directors are 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;
- 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Report of the auditors to the members of Altra Holdings Limited

We have audited the financial statements on pages 4 to 7.

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 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 as at 31 December 1997 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

3 August 1998

Balance sheet
at 31 December 1997

	<i>Note</i>	1997 £000
Fixed assets		
Investments	4	20
		<hr/>
Capital and reserves		
Called up share capital	5	20
		<hr/>

These financial statements were approved by the board of directors on 3 August 1998 and were signed on its behalf by:



P Alexander
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of presentation

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

Under Financial Reporting Standard 1 the company is exempt from the requirements to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Smedvig asa the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Smedvig asa within which this company is included, can be obtained from the address given in note 6 to the financial statements.

2 Profit and loss account

During the period company recorded neither income nor expenditure. Consequently during the period the company made neither a profit nor a loss.

3 Remuneration of directors

The directors received no emoluments from the company during the period.

Notes (continued)

4 Fixed asset investments

	1997 Shares in group undertakings £000
<i>Cost</i>	
At beginning and at end of year	20

The subsidiary undertaking of the company is as follows:

	Country of registration	Principal activity	Interest in ordinary shares
Altra Consultants Limited	Scotland	Consultant engineering provider for oil and gas operations	100%

5 Called up share capital

	31 December 1997 £000
Authorised	
Equity: 339,000 ordinary shares of 25p each	85
Non-equity: 60,000 redeemable preference shares of 25p each	15
Non-equity: 1,000 'A' ordinary shares of 25p each	-
	<hr/> 100
Ordinary shares of £1 each	
Allotted, called up and fully paid	
Equity: 20,000 ordinary shares of 25p each	5
Non-equity: 60,000 redeemable preference shares of 25p each	15
Non-equity: 1,000 'A' ordinary shares of 25p each	-
	<hr/> 20
Ordinary shares of £1 each	

The redeemable preference shares and 'A' ordinary shares carry no voting rights. Dividends in respect of all three types of shares shall be determined at the discretion of the ordinary shareholders.

The redeemable preference shares can be redeemed at any time at par provided six months notice is given.

Notes *(continued)*

6 Ultimate holding company and parent company of a larger group

The Company's ultimate holding company is Smedvig asa, which is incorporated in Norway.

The largest group in which the results of the company are consolidated is that headed by Smedvig asa. The consolidated accounts of Smedvig asa may be obtained from Lokkeveien 103, Stavanger, Norway.

The smallest group in which the results of the company are consolidated is that headed by Smedvig Holdings Limited which is incorporated in England. The consolidated accounts of Smedvig Holdings Limited are available to the public and may be obtained from the Registrar of Companies.