

Neill Clerk Energy Limited

COMPANY INFORMATION

DIRECTORS

D R Macdonald
A J Gordon
E H Ross

SECRETARY

A M Stroud

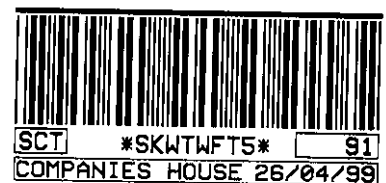
REGISTERED OFFICE

144 West George Street
Glasgow
G2 2HG

REGISTERED AUDITOR

Ernst & Young
George House
50 George Square
Glasgow
G2 1RR

 ERNST & YOUNG



DIRECTORS' REPORT

The Directors submit their report and the financial statements for the period from incorporation on 6th March 1997 to 30th April 1998.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £107,832. No dividends were paid, leaving a profit of £107,832 to be retained.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company is the provision of management and administrative services in the oil industry.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the period were as follows:

D R Macdonald	(appointed 4 th May 1997)
T M Ginn	(appointed 2 nd April 1997, resigned 24 th April 1998)
A J Gordon	(appointed 2 nd April 1997)
E H Ross	(appointed 2 nd April 1997)
S Mabbot	(appointed 6 th March 1997, resigned 2 nd April 1997)

No director had any interest in the share capital of the company during the period.

One director of the company as at 30th April 1998 was also a director of Neill Clerk Group plc, the company's ultimate parent company, and his interest in the ordinary shares of 2p each of Neill Clerk Group plc as at that date is listed in the report of the directors of Neill Clerk Group plc, for the period ended 30th April 1998.

The interests of the other directors in the ordinary shares of 2p each in Neill Clerk Group plc as at 30th April 1998 were as follows:

30th April 1998

A J Gordon	52,575
E H Ross	-

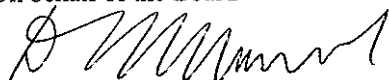
YEAR 2000 COMPLIANCE

The Company has developed a project plan to address the impact of the year 2000 on our business. The project is underway, resources have been allocated and the Board receives regular reports on progress. The Board believes that it will achieve an acceptable state of readiness with no significant financial impact.

AUDITORS

Ernst and Young have indicated their willingness to continue in office and a resolution to re-appoint them will be put to the members at the Annual General Meeting.

On behalf of the Board



D R Macdonald
Director

30th October 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the Directors to prepare accounts 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 of the company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and 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 accounts; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the members of Neill Clerk Energy Limited

We have audited the accounts on pages 5 to 8, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

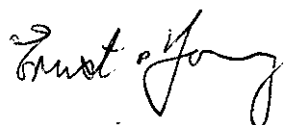
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30th April 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young', written in a cursive style.

Ernst & Young
Registered Auditor
Glasgow

30th October 1998

Neill Clerk Energy Limited

PROFIT AND LOSS ACCOUNT for the period ended 30th April 1998

	<i>Notes</i>	<i>1998</i> £
TURNOVER	3	215,197
Administrative expenses		78,365
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	136,832
Tax on profit on ordinary activities	5	29,000
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		107,832

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the retained profit for the period.

Neill Clerk Energy Limited

BALANCE SHEET

at 30th April 1998

	<i>Notes</i>	<i>1998</i> <i>£</i>
FIXED ASSETS		
Investments	6	124
CURRENT ASSETS		
Cash at bank		96,734
Debtors	7	84,089
		180,823
CREDITORS: amounts falling due within one year	8	73,113
NET CURRENT ASSETS		107,710
TOTAL ASSETS LESS CURRENT LIABILITIES		107,834
CAPITAL AND RESERVES		
Called up share capital	9	2
Profit and loss account	10	107,832
Equity shareholders' funds	10	107,834

Approved by the Board



D R Macdonald
Director

30th October 1998

NOTES TO THE ACCOUNTS
at 30th April 1998

1 ACCOUNTING POLICIES

Accounting convention

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

The company has taken advantage of the exemption allowed by Financial Reporting Standard No. 1 on wholly owned subsidiary undertakings from preparing a statement of cash flows.

Group accounts

Group accounts are not prepared as the company is a wholly owned subsidiary of another body corporate.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2 ACCOUNTING PERIOD

The accounts have been prepared for the period from 6th March 1997, the date of incorporation, to 30th April 1998.

3 TURNOVER

Fee income represents the amount invoiced to third parties in respect of management and administration services provided excluding value added tax.

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

1998
£

Profit on ordinary activities before taxation is stated after charging:

Auditors' remuneration - audit services 5,500

5 TAXATION

1998
£

The taxation charge is made up as follows:

UK corporation tax 29,000

6 INVESTMENTS

At 30th April 1998 the company held the following investments:

<i>Company</i>	<i>Country of incorporation</i>	<i>Percentage held</i>	<i>Cost £</i>
Hibernia Energy Services Limited	Ireland	50.0%	1
Hibernia Energy Inc.	USA	50.0%	1
Ailsa Drilling Limited	British Virgin Islands	19.9%	122
			124

Neill Clerk Energy Limited

NOTES TO THE ACCOUNTS at 30th April 1998

7 DEBTORS

	1998 £
Amounts owed by associated undertaking	84,089

8 CREDITORS: amounts due within one year

	1998 £
Amounts owed to ultimate parent undertaking	5,523
Amounts owed to fellow subsidiary undertakings	65,870
Current corporation tax	1,718
Other creditors	2
	<u>73,113</u>

9 CALLED UP SHARE CAPITAL

	<i>Authorised 1998 No.</i>	<i>Allotted, called up and fully paid 1998 £</i>
Ordinary shares of £1 each	100	2
2 ordinary shares of £1 each were issued for cash on incorporation of the company.		

10 SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Profit and loss account £</i>	<i>Share capital £</i>	<i>Total £</i>
Issued on incorporation of company	-	2	2
Retained profit for period	107,832	-	107,832
	<u>107,832</u>	<u>2</u>	<u>107,834</u>

11 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are a part of the Neill Clerk Group plc group.

12 ULTIMATE PARENT COMPANY

The directors consider that Neill Clerk Group plc (registered in Scotland) is the company's ultimate parent company. This is the only parent undertaking for which group accounts are drawn up and of which the company is a member. The address from which copies of these group accounts are available to the public is: Neill Clerk Group plc, James Sellars House, 144 West George Street, Glasgow G2 2HG.