

Haylard Offshore Limited

Directors' report and
financial statements

Year ended 31 December 1998





Halyard Offshore Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Auditors' report	5
Statement of accounting policies	6 - 7
Profit and loss account	8
Statement of total recognised gains and losses	8
Balance sheet	9
Notes forming part of the financial statements	10 - 15



Halyard Offshore Limited

Directors and other information

Directors

B.A. Hall
M.D.C. Steeves

Registered office

10 Bedford Street
London WC2E 9HE
United Kingdom

Secretary

M.V. Williams

Auditors

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Bankers

Barclays Bank PLC
50 Pall Mall
London SW1A 1QB

Company registration number

1246234

Halyard Offshore Limited

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 1998.

Principal activities, business review and future developments

The principal activities of the company are the provision of consultancy, marketing and management services to the oil and marine industries. The company operates under the business name of Amossco Halyard.

The directors have no plans to change significantly the activities and operations of the company in the foreseeable future.

Results and dividends

The loss for the financial year was Stg£14,257. The directors do not recommend the payment of a dividend.

Directors

In accordance with Articles of Association, the directors are not required to retire by rotation.

Interests of directors and secretary

The directors who held office at 31 December 1998 had no interests in the share capital of the company.

At 31 December 1998, M.D.C. Steeves held 176,246 (1997: 176,246) ordinary shares of IR5p each in the ultimate parent company, Aminex PLC, and also had options over 150,000 (1997:150,000) ordinary shares of IR5p each in Aminex PLC.

The interests of B.A. Hall in the shares of Aminex PLC, the ultimate parent company, are shown in that company's financial statements.

Group membership

The ultimate holding company is Aminex PLC, a company incorporated in the Republic of Ireland.

Halyard Offshore Limited

Directors' report (*continued*)

Health and safety of employees

It is company policy to ensure that a full health and safety programme is in force. The directors have reviewed the application of this policy during the year and are satisfied that it is operating as intended.

Payment of suppliers

The company's policy is to agree payment terms with individual suppliers and to abide by such terms.

Year 2000

Many computer and digital storage systems express dates using only the last two digits of the year and may require modification or replacement to enable them to accommodate dates from 1 January 2000, including recognising that the Year 2000 is a leap year, in order to avoid malfunctions which could result in commercial disruption.

In early 1998 the company commenced work on preparing an inventory of all computer and microprocessor based systems. The systems have since been tested to ascertain whether they are Year 2000 compliant and non-compliant systems were replaced where necessary.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain because at least some level of failure may still occur. However, the Directors believe that the company will achieve an acceptable state of readiness and will provide resources to deal promptly with significant subsequent failures or issues that might arise.

Introduction of the euro

The directors do not consider that the introduction of the euro will have a material impact on the business of the company.

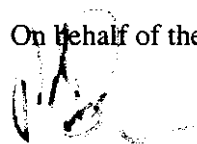
Post balance sheet events

There have been no events since the year end which require disclosure in the financial statements.

Auditors

In accordance with Section 385 of the Companies Act 1985, the auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the board



M.D.C. Steeves
Director

27 October 1999

Halyard Offshore Limited

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
- 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 books of account which disclose with reasonable accuracy at any time the financial position of the company and which 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.

On behalf of the board



M.D.C. Steeves
Director



Chartered Accountants

1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Auditors' report to the members of Halyard Offshore Limited

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors in relation to the financial statements

As described on page 4, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

Chartered Accountants
Registered Auditors

27 October 1999



Halyard Offshore Limited

Statement of 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 preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by The Institute of Chartered Accountants in England and Wales.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The charge for depreciation is calculated to write off the original cost of the assets over their expected useful lives on a straight line basis at the following annual rates:

Leasehold improvements	-	2%
Plant and machinery	-	10 - 25%
Office equipment	-	10 - 20%

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at that date and the exchange differences are dealt with in the profit and loss account.

Leased assets

Tangible fixed assets acquired under finance leases are included in the balance sheet at their equivalent capital value and are depreciated over the shorter of the lease term and their useful lives. The corresponding liabilities are recorded as a creditor and the interest element of the finance lease rentals is charged to the profit and loss account on an annuity basis. Operating lease rentals are charged to the profit and loss account as incurred.

Taxation

The charge for taxation is based on the result for the year. Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that such differences are expected to reverse in the foreseeable future.



Halyard Offshore Limited

Statement of accounting policies (*continued*)

Pensions

The company contributes to the cost of certain individual employee pension plans. Annual contributions are based upon a percentage of gross annual salary. Pension contributions are charged to the profit and loss account as incurred.

Turnover

Turnover represents net sales to customers and excludes value added tax.

Halyard Offshore Limited

Profit and loss account

for the year ended 31 December 1998

	<i>Note</i>	1998 Stg£	1997 Stg£
Turnover - continuing operations	<i>1</i>	125,087	993,871
Cost of sales		(8,696)	(697,762)
		<hr/>	<hr/>
Gross profit		116,391	296,109
Administrative expenses		(143,562)	(239,001)
		<hr/>	<hr/>
Operating (loss)/profit - continuing operations		(27,171)	57,108
Interest receivable and other income	<i>3</i>	11,535	2,638
Interest payable and similar charges	<i>4</i>	-	(61)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	<i>5</i>	(15,636)	59,685
Tax on (loss)/profit on ordinary activities	<i>6</i>	1,379	-
		<hr/>	<hr/>
(Loss)/profit for the financial year		(14,257)	59,685
Profit and loss account at beginning of year		86,071	26,386
		<hr/>	<hr/>
Profit and loss account at end of year		71,814	86,071
		<hr/>	<hr/>

Statement of total recognised gains and losses

for the year ended 31 December 1998

The company had no recognised gains or losses in the financial year or the previous financial year other than those dealt with in the profit and loss account.

Halyard Offshore Limited

Balance sheet at 31 December 1998

	Note	1998 Stg£	1997 Stg£
Fixed assets			
Tangible fixed assets	7	4,510	101,344
Current assets			
Debtors	8	203,022	106,514
Cash at bank and in hand		266,931	165,797
		<u>469,953</u>	<u>272,311</u>
Creditors: amounts falling due within one year	9	(270,076)	(155,011)
		<u></u>	<u></u>
Net current assets		<u>199,877</u>	<u>117,300</u>
Total assets less current liabilities		<u>204,387</u>	<u>218,644</u>
Capital and reserves			
Called up share capital	10	29,818	29,818
Share premium account	11	102,755	102,755
Profit and loss account		71,814	86,071
		<u></u>	<u></u>
Shareholders' funds - equity	12	<u>204,387</u>	<u>218,644</u>

On behalf of the board



M.D.C. Steeves
Director

Halyard Offshore Limited

Notes

forming part of the financial statements

1 Turnover

	1998 Stg£	1997 Stg£
<i>By geographical area</i>		
United Kingdom	18,225	32,096
Rest of Europe	96,050	90,014
Africa	10,812	-
Central America	-	871,761
	<hr/>	<hr/>
	125,087	993,871
	<hr/>	<hr/>

Turnover represents the amounts invoiced to customers for services provided, excluding value added tax.

2 Staff numbers and costs

	1998 Stg£	1997 Stg£
Wages and salaries	45,000	80,649
Social security costs	4,751	7,469
Pension costs	3,600	2,800
	<hr/>	<hr/>
	53,351	90,918
	<hr/>	<hr/>

The average number of employees during the year, including the directors, was 3 (1997:4).

3 Interest receivable and other income

	1998 Stg£	1997 Stg£
Deposit interest	4,486	2,638
Profit on sale of fixed asset	7,049	-
	<hr/>	<hr/>
	11,535	2,638
	<hr/>	<hr/>

Halyard Offshore Limited

Notes *(continued)*

4 Interest payable and similar charges

	1998 Stg£	1997 Stg£
Interest payable on bank overdraft and other loans wholly repayable within five years	-	61
	<u> </u>	<u> </u>

5 Statutory and other information

	1998 Stg£	1997 Stg£
Depreciation	2,932	6,651
Auditors' remuneration	1,500	1,850
Rentals payable under operating leases	-	2,907
	<u> </u>	<u> </u>

6 Tax on (loss)/profit on ordinary activities

	1998 Stg£	1997 Stg£
Corporation tax refund from previous period	(1,379)	-
	<u> </u>	<u> </u>

No charge to corporation tax arises due to the availability of losses forward.

Halyard Offshore Limited

Notes (*continued*)

7 Tangible fixed assets

	Long Leasehold land and buildings Stg£	Fixtures and fittings Stg£	Office equipment Stg£	Total Stg£
Cost				
At beginning of year	96,244	12,994	13,784	123,022
Additions in year	-	-	4,850	4,850
Disposals	(96,244)	(12,994)	(5,692)	(114,930)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	12,942	12,942
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	3,850	4,966	12,862	21,678
Charge for year	1,123	746	1,063	2,932
Released by disposals	(4,973)	(5,712)	(5,493)	(16,178)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	8,432	8,432
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 1998	-	-	4,510	4,510
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	92,394	8,028	922	101,344
	<hr/>	<hr/>	<hr/>	<hr/>

Halyard Offshore Limited

Notes (continued)

8 Debtors

	1998 Stg£	1997 Stg£
Trade debtors	32,024	19,808
Amounts owed by parent undertaking	417	450
Amounts owed by fellow subsidiary undertakings	119,514	19,226
Other debtors	819	64,499
Prepayments and accrued income	50,248	2,531
	<hr/>	<hr/>
	203,022	106,514
	<hr/>	<hr/>

9 Creditors: amounts falling due within one year

	1998 Stg£	1997 Stg£
Amounts owed to fellow subsidiary undertaking	1,201	-
Amounts owed to parent undertaking	13,019	2,756
Tax and social security	197	1,078
Other creditors	174,563	36,750
Accruals and deferred income	81,096	114,427
	<hr/>	<hr/>
	270,076	155,011
	<hr/>	<hr/>

10 Called up share capital

	1998 Stg£	1997 Stg£
<i>Authorised</i>		
50,000 ordinary shares of Stg£1 each	50,000	50,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
29,818 ordinary shares of Stg£1 each	29,818	29,818
	<hr/>	<hr/>

Halyard Offshore Limited

Notes (continued)

11 Share premium account	1998	1997
	Stg£	Stg£
Balance at beginning and end of year	102,755	102,755
	<hr/>	<hr/>
12 Reconciliation of shareholders' funds	1998	1997
	Stg£	Stg£
Shareholders' funds at beginning of year	218,644	158,959
(Loss)/profit for the financial year	(14,257)	59,685
	<hr/>	<hr/>
Shareholders' funds at end of year	204,387	218,644
	<hr/>	<hr/>

13 Cash flow statement

A cash flow statement has not been prepared under Financial Reporting Standard No 1. as the company is a wholly owned subsidiary of Aminex PLC which is itself registered within the European Community and has prepared a consolidated cash flow statement.

14 Pensions

The company contributes to the cost of certain individual employee pension plans. Annual contributions are based on a percentage of gross annual salary. The pension charge for the year to 31 December 1998 was Stg£3,600 (1997: Stg£2,800). There are no pension accruals or prepayments included in the financial statements at year end in respect of pension payments.

Halyard Offshore Limited

Notes (*continued*)

15 Commitments

Operating leases

Annual commitments exist under non cancellable operating leases as follows:

<i>Expiring:</i>	1998 Stg£	1997 Stg£
Within one year	-	3,534
	<hr/>	<hr/>

16 Ultimate parent undertaking

The company is a wholly owned subsidiary of Aminex PLC, a company incorporated in the Republic of Ireland. The smallest and largest group in which the results of Halyard Offshore Limited are consolidated is Aminex PLC. These financial statements are filed in Companies Office, Parnell House, 14 Parnell Square, Dublin 1.

17 Related party transactions

The company has availed of the exemption under Financial Reporting Standard No. 8 - Related Party Disclosures not to give details of related party transactions with group companies as it is a wholly owned subsidiary of Aminex PLC which is preparing consolidated financial statements which include this company, and such financial statements are publicly available.

18 Post balance sheet events

There have been no events since the year end which require disclosure in the financial statements.

19 Comparative figures

Comparative figures have been restated where necessary to reflect the current year's presentation.

20 Approval of the financial statements

These financial statements were approved by the board on 27 October 1999.