

Halyard Offshore Limited

Directors' report and
financial statements

Year ended 31 December 1996



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Halyard Offshore Limited

Directors' report and financial statements

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Halyard Offshore Limited

Directors and other information

Directors

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

Registered office

1 East Point
Seal
Kent TN15 0EG
United Kingdom

Secretary

M.V. Williams

Auditors

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

Bankers

Barclays Bank Plc
155 Brompton Road
London SW3 1XD

Company registration number

1246234

Halyard Offshore Limited

Directors' report

The directors present their annual report and audited financial statements of the company for the year ended 31 December 1996.

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 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 year after taxation was Stg£7,593. 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.

S.M. Kittoe resigned as secretary on 1 June 1997. M.V. Williams was appointed secretary on 1 June 1997.

Interests of directors and secretary

The directors who held office at 31 December 1996 had no interest in the share capital of the company.

At 31 December 1996 M.D.C. Steeves held 176,246 ordinary shares of IR5p each in the ultimate parent company, Aminex PLC, and also had options over 100,000 ordinary shares of IR5p each in Aminex PLC.

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

At 31 December 1996, S.M. Kittoe had no interest in the share capital of the ultimate parent company. At the date of his appointment. M.V. Williams had no interest in the ordinary share capital of the ultimate parent company apart from options over 100,000 ordinary shares of IR5p each.

Group membership

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

Halyard Offshore Limited

Directors' report (continued)

Post balance sheet events

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

Health and safety of employees

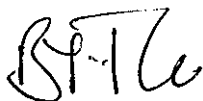
It is company policy to ensure that a full health and safety programme is in force. The directors have reviewed this policy during the year and are satisfied that it is operating satisfactorily.

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

B.A. Hall
Director



31 October 1997

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



B.A. Hall
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, applied consistently 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 1996 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

4 December 1997



Halyard Offshore Limited

Statement of accounting policies

for the year ended 31 December 1996

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 or at valuation, less accumulated depreciation. The charge for depreciation is calculated to write down cost or valuation of other tangible fixed assets to their estimated residual values by equal annual instalments over their expected useful lives which are as follows:

Long leasehold buildings	50 years
Plant and machinery	4 to 10 years
Office furniture	5 to 10 years

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.

Leasing and hire purchase commitments

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 life. 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 a straight line basis. Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Halyard Offshore Limited

Statement of accounting policies (*continued*) *for the year ended 31 December 1996*

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.

Pensions

The company contributes to the cost of certain individual employee pension plans. Pension contributions are charged to the profit and loss account as incurred.

Halyard Offshore Limited

Profit and loss account

for the year ended 31 December 1996

	<i>Note</i>	1996 Stg£	1995 Stg£
Turnover - continuing operations	<i>1</i>	127,594	122,575
Cost of sales		(9,160)	-
		<hr/>	<hr/>
Gross profit		118,434	122,575
Administrative expenses		(128,956)	(131,507)
		<hr/>	<hr/>
Operating loss - continuing operations		(10,522)	(8,932)
Interest receivable		1,805	2,642
Interest payable and similar charges	<i>4</i>	(32)	(954)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	<i>5</i>	(8,749)	(7,244)
Tax on loss on ordinary activities	<i>6</i>	1,156	900
		<hr/>	<hr/>
Loss for the financial year		(7,593)	(6,344)
Profit and loss account at beginning of year		33,979	40,323
		<hr/>	<hr/>
Profit and loss account at end of year		26,386	33,979
		<hr/>	<hr/>

Statement of total recognised gains and losses

for the year ended 31 December 1996

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.

On behalf of the board



B.A. Hall
Director

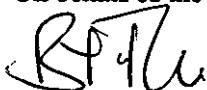


Halyard Offshore Limited

Balance sheet at 31 December 1996

	Note	1996 Stg£	1995 Stg£
Fixed assets			
Tangible fixed assets	7	107,795	113,029
Current assets			
Debtors	8	65,594	50,901
Cash at bank and in hand		61,924	107,386
		<hr/>	<hr/>
		127,518	158,287
Creditors: amounts falling due within one year	9	(76,354)	(98,861)
		<hr/>	<hr/>
Net current assets		51,164	59,426
		<hr/>	<hr/>
Total assets less current liabilities		158,959	172,455
Creditors: amounts falling due after more than one year	10	-	(5,903)
		<hr/>	<hr/>
Net assets		158,959	166,552
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	29,818	29,818
Share premium account	12	102,755	102,755
Profit and loss account		26,386	33,979
		<hr/>	<hr/>
Shareholders' funds - equity	13	158,959	166,552
		<hr/>	<hr/>

On behalf of the board



B.A. Hall
Director

Halyard Offshore Limited

Notes

forming part of the financial statements

1 Turnover

<i>Turnover by destination</i>	1996 Stg£	1995 Stg£
<i>By geographical area</i>		
United Kingdom	20,909	14,528
Europe	91,854	99,485
Asia	14,831	8,562
	<hr/>	<hr/>
	127,594	122,575
	<hr/>	<hr/>

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

2 Staff numbers and costs

	1996 Stg£	1995 Stg£
Wages and salaries	34,000	57,780
Social security costs	3,679	5,950
Pension costs	3,173	-
	<hr/>	<hr/>
	40,852	63,730
	<hr/>	<hr/>

The average number of employees during the year, including the directors, was 4 (1995:5).

Halyard Offshore Limited

Notes (continued)

3 Directors' remuneration and transactions	1996 Stg£	1995 Stg£
Directors' remuneration	-	8,333
Pension contributions	-	-
	<hr/>	<hr/>
	-	8,333
	<hr/>	<hr/>

The remuneration, excluding pensions contributions, of the Chairman was Stg£Nil (1995 : Stg£Nil) and of the highest paid director was Stg£Nil (1995 : Stg£8,333).

Details of directors' interests in the shares of Aminex PLC are provided in the Directors' Report.

4 Interest payable and similar charges	1996 Stg£	1995 Stg£
Interest payable on bank overdraft and other loans wholly repayable within five years	32	-
Other interest	-	954
	<hr/>	<hr/>
	32	954
	<hr/>	<hr/>

5 Statutory and other information	1996 Stg£	1995 Stg£
<i>Depreciation and other amounts written off:</i>		
Owned tangible fixed assets	6,419	3,412
	<hr/>	<hr/>
Auditors' remuneration	1,500	1,500
	<hr/>	<hr/>
<i>Rentals payable under operating leases</i>		
Hire of other assets	2,214	5,005
	<hr/>	<hr/>

Halyard Offshore Limited

Notes (continued)

6 Tax on loss on ordinary activities

	1996 Stg£	1995 Stg£
Corporation tax credit	1,156	900

7 Tangible fixed assets

	Long Leasehold land and buildings Stg£	Fixtures and fittings Stg£	Office equipment Stg£	Total Stg£
<i>Cost</i>				
At beginning of year	96,244	12,794	12,599	121,637
Additions in year	-	200	985	1,185
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	96,244	12,994	13,584	122,822
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	-	2,407	6,201	8,608
Charge for year	1,925	1,279	3,215	6,419
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,925	3,686	9,416	15,027
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 1996	94,319	9,308	4,168	107,795
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1995	96,244	10,387	6,398	113,029
	<hr/>	<hr/>	<hr/>	<hr/>

Halyard Offshore Limited

Notes (continued)

8 Debtors

	1996 Stg£	1995 Stg£
Trade debtors	49,018	21,478
Amounts owed by parent undertaking	15,219	15,709
Other debtors	1,357	4,445
Prepayments and accrued income	-	9,269
	<hr/>	<hr/>
	65,594	50,901
	<hr/>	<hr/>

9 Creditors: amounts falling due within one year

	1996 Stg£	1995 Stg£
Obligations under finance leases	-	3,699
Amounts owed to fellow subsidiary undertakings	9,463	-
Amounts owed to parent undertakings	1,709	-
Tax and social security	1,063	1,487
Other creditors	57,736	90,675
Accruals and deferred income	6,383	3,000
	<hr/>	<hr/>
	76,354	98,861
	<hr/>	<hr/>

10 Creditors: amounts falling due after more than one year

	1996 Stg£	1995 Stg£
Amounts due to subsidiary undertakings	-	897
Net obligations under finance leases	-	5,006
	<hr/>	<hr/>
	-	5,903
	<hr/>	<hr/>

Halyard Offshore Limited

Notes (continued)

11 Called up share capital

	1996 Value Stg£	1995 Value Stg£
<i>Authorised</i>		
50,000 ordinary shares of Stg£1 each	50,000	50,000
	<hr/>	<hr/>
<i>Alloted, called up and fully paid</i>		
29,818 ordinary shares of Stg£1 each	29,818	29,818
	<hr/>	<hr/>

12 Share premium account

	1996 Stg£	1995 Stg£
Balance at beginning and end of year	102,755	102,755
	<hr/>	<hr/>

13 Reconciliation of shareholders' funds

	1996 Stg£	1995 Stg£
Shareholders' funds at beginning of year	166,552	172,896
Loss for the financial year	(7,593)	(6,344)
	<hr/>	<hr/>
Shareholders' funds at end of year	158,959	166,552
	<hr/>	<hr/>

14 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.

Halyard Offshore Limited

Notes (continued)

15 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 1996 was Stg£3,173 (1995: Stg£Nil). There are no pension accruals or prepayments included in the financial statements at year end in respect of pension payments.

16 Commitments

Operating leases

Annual commitments exist under non cancellable operating leases as follows:

	1996	1995
Expiring:		
Within one year	156	2,589
Between two and five years	1,883	2,280
	<hr/>	<hr/>
	2,039	4,869
	<hr/>	<hr/>

17 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.

18 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.

19 Approval of the financial statements

These financial statements were approved by the board on 31 October 1997.