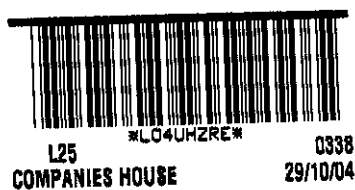


Halyard Offshore Limited

Directors' report and financial statements

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Halyard Offshore Limited

Directors and other information

Directors	B. A. Hall
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 Ireland
Bankers	Barclays Bank Plc 54 Lombard Street London EC3V 9EX
Company registration number	1246234

Halyard Offshore Limited

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2003.

Principal activities, business review and future developments

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

Results and dividends

The profit and loss account for the year is set out on page 9. The director does not recommend the payment of a dividend.

Group structure

The company is a wholly owned subsidiary of Amossco Limited. The ultimate holding company at 31 December 2002 was Aminex Plc, a company incorporated in the Republic of Ireland.

Payment of suppliers

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

Directors

The directors of the company during the year were:

B. A. Hall

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

Political and Charitable Donations

The company made no political contributions during the year. Donations to UK charities amounted to £Nil (2002: £Nil).


Halyard Offshore Limited

Directors' report *(continued)*

Auditors

KPMG, Chartered Accountants, were appointed as auditors during the period. In accordance with section 384 of the Companies Act, 1985, resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG, Chartered Accountants, as auditors of the company.

By order of the board



Director

28 October 2004

Halyard Offshore Limited

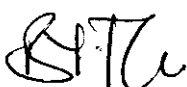
Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which in accordance with accounting standards, 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 accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enables him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safe guarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



Director



Chartered Accountants

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

Independent auditors' report to the members of Halyard Offshore Limited

We have audited the financial statements on pages 7 to 14.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act, 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 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.





Independent auditors' report to the members of Halyard Offshore Limited
(continued)

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the company loss at 31 December 2003 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Acts, 1985.

A handwritten signature of the KPMG firm, written in a cursive, stylized font.

KPMG
Chartered Accountants
Registered Auditors

28 October 2004

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 company's financial statements.

Basis of preparation

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

Cash flow statement

The company has availed of the exemption in Financial Reporting Standard 1 Cash Flow Statements (FRS1) from the preparation of a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Aminex PLC and the company is included in consolidated financial statements.

Financial support

The company has suffered recurring negative cash flows and losses from operations. At the year end the company was supported by loans from companies within the Aminex PLC group of companies.

The financial forecasts of the Amossco Holdings Limited group of companies for the period to 31 October 2005 prepared by the directors indicate that further negative flows and losses from operations may be suffered. The shareholders, Aminex PLC, have indicated that, following their review of the group's cash flow projections to 31 October 2005, they are willing to provide financial support to Amossco Holdings Limited and its subsidiary companies at least until 31 October 2005. The financial statements have been prepared on the going concern basis which assumes that adequate support will be available from the group's shareholders and other companies in the group.

Turnover

Turnover represents the invoiced fair value of goods and services exclusive of Value Added Tax delivered to third party customers during the year.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the followings rates:

Fixtures and fittings	-	10% - 25%
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Provisions for impairment are made as appropriate.

Halyard Offshore Limited

Statement of accounting policies *(continued)*

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

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

Taxation

Corporation tax is provided at current rates on the results for the year.

Full provision, without discounting, is made for all timing differences at the balance sheet date in accordance with Financial Reporting Standard No. 19: Deferred Tax (FRS 19). Provision is made at the tax rates that are expected to apply in the period in which the timing differences are expected to reverse.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. These are regarded as recoverable to the extent that, on the basis of all available evidence, it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Halyard Offshore Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover - continuing operations	1	112,795	93,954
Cost of sales		-	1,692
		<hr/>	<hr/>
Gross profit		112,795	95,646
Administrative expenses – including exceptional (credit)/ of £760 (2002: £95,757)	4	(116,088)	24,936
		<hr/>	<hr/>
Operating (loss)/profit	2	(3,293)	70,710
Interest receivable and other income	5	4	29
Interest payable and similar charges		-	(16)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(3,289)	70,723
Tax on (loss)/profit on ordinary activities	6	-	-
		<hr/>	<hr/>
(Loss)/profit for the financial year after taxation		(3,289)	70,723
Profit and loss account at beginning of year		(114,009)	(184,732)
		<hr/>	<hr/>
Profit and loss account at end of year		(117,298)	(114,009)
		<hr/>	<hr/>

The company had no recognised gains or losses other than the (loss)/profit for the financial year and the preceding financial year as presented above and accordingly, no statement of total recognised gains and losses has been presented.

By order of the board



Director

Halyard Offshore Limited

Balance sheet

as at 31 December 2003

	Note	£	2003 £	£	2002 £
Fixed assets					
Tangible fixed assets	8		1,177		735
Current assets					
Debtors	9	28,303		32,459	
Cash at bank and in hand		2,213		4,773	
		30,516		37,232	
Creditors: amounts falling due within one year	10	(16,418)		(19,403)	
Net current assets			14,098		17,829
Total assets less current liabilities			15,275		18,564
Capital and reserves					
Called up share capital	11		29,818		29,818
Share premium account	12		102,755		102,755
Profit and loss account	12		(117,298)		(114,009)
Shareholders' funds - equity			15,275		18,564

By order of the board



Director

Halyard Offshore Limited

Notes

forming part of the financial statements

1 Turnover

Turnover is wholly attributable to the principal activity of the company which are the provision of consultancy, marketing and management services to the oil and marine industry.

	2003 £	2002 £
<i>Analysis by geographical market</i>		
United Kingdom	51,770	-
Middle East	61,025	93,954
	<hr/>	<hr/>
	112,795	93,954
	<hr/>	<hr/>

2 Operating (loss)/profit

	2003 £	2002 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	218	576
Auditors remuneration	2,500	2,400
Directors' emoluments	-	-
	<hr/>	<hr/>

3 Staff numbers and costs

The average number of employees (including directors) during the year was 0 (2002:1).

B.A. Halls remuneration is disclosed in the financial statements.

4 Exceptional item

	2003 £	2002 £
Write back of provision against intercompany balances	760	95,757
	<hr/>	<hr/>

5 Interest receivable and similar income

	2003 £	2002 £
Bank deposits	4	29
	<hr/>	<hr/>

Halyard Offshore Limited

Notes (continued)

6 Taxation on (loss)/profit on ordinary activities

Current tax

Current tax charge

-	-
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The effective tax rate for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £	2002 £
(Loss)/profit on ordinary activities before tax	(3,289)	70,723
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001: 30%)	(987)	21,217
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(74)	(28,709)
Capital allowances for year in excess of depreciation	(1,093)	(427)
Losses for which no benefit has been recognised	2,154	7,919
Current tax charge for period	-	-

The company has not recognised any deferred tax assets due to uncertainty of future profits.

7 Tangible assets

	Fixtures and fittings £	Office equipment £	Total £
Cost			
At 1 January 2003	12,942	817	13,759
Additions	-	660	660
Disposal	(12,942)	-	(12,942)
At 31 December 2003	-	1,477	1,477
Depreciation			
At 1 January 2003	12,942	82	13,024
Provided for the year	-	218	218
Released by disposal	(12,942)	-	(12,942)
At 31 December 2003	-	300	300
Net book value			
At 31 December 2003	-	1,177	1,177
At 31 December 2002	-	735	735

Halyard Offshore Limited

Notes (continued)

8 Debtors

	2003 £	2002 £
Other debtors	664	-
Trade debtors	27,237	25,154
Amounts owed by group undertakings	402	7,242
Prepayments and accrued income	-	63
	<hr/>	<hr/>
	28,303	32,459
	<hr/>	<hr/>

All amounts fall due within one year.

9 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	179	809
Amounts owed to group undertakings	11,500	11,585
Other creditors	1,227	2,145
Accruals and deferred income	3,512	4,864
	<hr/>	<hr/>
	16,418	19,403
	<hr/>	<hr/>

10 Share capital

	2003 £	Authorised 2002 £	Allotted, called up and full paid 2003 £	2002 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	50,000	50,000	29,818	29,818
	<hr/>	<hr/>	<hr/>	<hr/>

Halyard Offshore Limited

Notes (continued)

11 Reserves

	Share premium account £	Profit and loss account £
At 1 January 2003	102,755	(114,009)
Loss for the year	-	(3,289)
	<hr/>	<hr/>
At 31 December 2003	102,755	(117,298)
	<hr/>	<hr/>

12 Reconciliation of movements in shareholders funds

	2003 £	2002 £
(Loss)/profit for financial year	(3,289)	70,723
Opening shareholder funds/(deficit)	18,564	(52,159)
	<hr/>	<hr/>
Closing shareholders funds	15,275	18,564
	<hr/>	<hr/>

13 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Aminex PLC on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

14 Post balance sheet events

No significant events have taken place since the year end that would result in adjustment to financial statements or inclusion of a note thereto.

15 Ultimate parent company and parent undertaking of larger group

The company is a 100% subsidiary of Amossco Limited, a company incorporated in the United Kingdom. The company's ultimate parent undertakings at the balance sheet date was Aminex PLC, a company incorporated in the Republic of Ireland. Aminex PLC is the largest group in which the financial statements of the company are consolidated. The financial statements of Aminex PLC are filed at the Companies Registration Office, Parnell House, 14 Parnell Square, Dublin 1.

16 Approval of financial statements

These financial statements were approved by the directors on 28 October 2004.