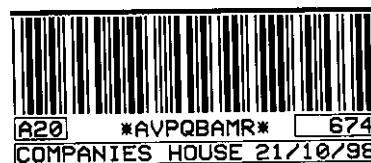


**PROCON ENGINEERING UK LTD**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 1997**

Company Number 2645374

**CRANE & PARTNERS**

Chartered Accountants  
Rutland House, 44 Masons Hill  
Bromley Kent BR2 9EQ  
Tel 0181 464 0131  
Fax 0181 464 6018



**PROCON ENGINEERING UK LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
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**PROCON ENGINEERING UK LIMITED**

1.

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

O.I. Vee

**SECRETARY**

M.G. Stevens

**REGISTERED OFFICE**

Defiant House,  
Vestry Estate,  
Sevenoaks,  
Kent,  
TN14 5EL

**AUDITORS**

Crane & Partners,  
Chartered Accountants,  
Rutland House,  
44 Masons Hill,  
Bromley,  
Kent,  
BR2 9EQ

## REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 1997.

### PRINCIPAL ACTIVITY

The principal activity of the company is to manufacture and market Process Control Systems for the U.K. land based and offshore industry.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

On 1 January 1997 the company merged with its sister company Defiant Weighing Limited and has since become dormant.

### RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (1996 - nil).

### DIRECTORS AND DIRECTORS' INTERESTS

The director who served during the year was as follows:

O.I.Vee

The director did not have any beneficial interest in the share capital of the company during the year.

### PARENT UNDERTAKING

On 10 January 1996, the company became the wholly owned subsidiary of Lynne Projects Limited, a company incorporated in England and Wales. Lynne Projects is itself wholly owned and has as its ultimate parent undertaking Prosafe ASA, a company incorporated in Norway and listed on the Norwegian Stock exchange.

**REPORT OF THE DIRECTORS (continued)**

**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 of the company for that period. In preparing those financial statements, the directors are required to:

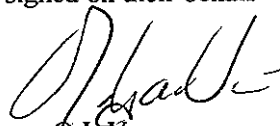
- select suitable accounting policies then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on 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 enable them to ensure that the financial statements 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.

**AUDITORS**

The auditors, Crane & Partners, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

Approved by the Board of Directors  
and signed on their behalf

  
O.I. Vee  
Director

Vestry Estate,  
Sevenoaks,  
Kent,  
TN14 5EL

**14 MAY 1998**

## REPORT OF THE AUDITORS

4.

### TO THE SHAREHOLDERS OF PROCON ENGINEERING UK LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under 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 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.

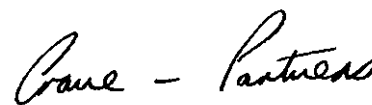
#### BASIS OF OPINION

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 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 the information in the financial statements.

#### OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1997 and have been properly prepared in accordance with the Companies Act 1985.



CRANE & PARTNERS  
Chartered Accountants  
Registered Auditors

Rutland House  
44 Masons Hill,  
Bromley,  
Kent.  
BR2 9EQ.

14 MAY 1998

**PROCON ENGINEERING UK LIMITED**

5.

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

	Note	1997 £	1996 £
TURNOVER	2	-	455,478
Cost of sales		-	(364,162)
GROSS PROFIT		-	91,316
Administrative expenses		-	(68,203)
OPERATING PROFIT	3	-	23,113
Other interest receivable	5	-	1,765
Interest payable and similar charges	6	-	(2,393)
PROFIT ON ORDINARY ACTIVITIES RETAINED FOR THE YEAR		-	22,485
Retained loss brought forward		-	(133,723)
RETAINED LOSS CARRIED FORWARD		-	(111,238)

**CONTINUING OPERATIONS**

All of the company's activities were discontinued during the year.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There were no gains and losses other than those dealt with through the profit and loss account for both the current and previous financial years.

PROCON ENGINEERING UK LIMITED

6.

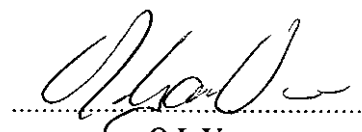
BALANCE SHEET

AT 31 DECEMBER 1997

	Note	1997		1996	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8		-		11,710
<b>CURRENT ASSETS</b>					
Debtors	9	-		54,718	
Cash at bank and in hand		-		655	
				<u>55,373</u>	
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(101,238)</u>		<u>(41,863)</u>	
<b>NET CURRENT ASSETS</b>			<u>(101,238)</u>		<u>13,510</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(101,238)		25,220
<b>CREDITORS: amounts falling due after more than one year</b>	11		-		<u>(126,458)</u>
			<u>(101,238)</u>		<u>(101,238)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		10,000		10,000
Profit and loss account			<u>(111,238)</u>		<u>(111,238)</u>
<b>SHAREHOLDERS' FUNDS</b>	13		<u>(101,238)</u>		<u>(101,238)</u>

Approved by the Board of Directors on  
and signed on its behalf by:

14 MAY 1998



O.I. Vee  
Director



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997

## 1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention in accordance with Applicable Accounting Standards. The principal accounting policies adopted are set out below:

## a) Turnover

Turnover represents the value of goods sold exclusive of Value Added Tax.

## b) Going concern

The accounts have been prepared on a going concern basis which assumes that the company will continue to trade. The validity of this assumption is dependant upon the continuing availability of funding provided by an intermediate parent undertaking.

The company received on 30 January 1998 conditional written assurances from the intermediate parent undertaking that these facilities will continue for the foreseeable future.

## c) Depreciation

Depreciation is provided at the rates set out below to write off the cost less estimated residual value of tangible fixed assets over the remainder of their expected useful lives.

Office and computer equipment	- 30% per annum on cost
Motor vehicles	- 25% per annum on cost

## d) Pension costs

The company makes contributions to the personal pension plans of certain of its executive directors and a senior employee. The total pension cost for the year is shown in Note 4 to these financial statements. There were no outstanding contributions at the year end (1996: £nil).

## e) Lease commitments

Where assets are financed by leasing arrangements 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 over the term of the lease. 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 using the straight line method of appointment. The interest is charged to the profit and loss account. The capital part reduces the amount payable to the lessor.

## 2. TURNOVER

Turnover is attributable to the principal activity of the company, as described in the directors' report, and arises wholly within the United Kingdom.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1997

## 3. OPERATING PROFIT

	1997	1996
	£	£
Operating profit is stated after charging:		
Directors' emoluments		
Auditors' remuneration	-	33,060
Depreciation of owned assets (see note 8)	-	1,750
Depreciation of leased assets (see note 8)	-	636
	<u>-</u>	<u>4,071</u>

## 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1997	1996
	£	£
Staff costs, including directors' emoluments, consists of:		
Wages and salaries		
Social security costs	-	45,834
Other pension costs	-	5,148
	<u>-</u>	<u>1,444</u>
	<u>-</u>	<u>52,426</u>

In addition to the director there were no administrative employees during the year (1996 - 1).

Directors emoluments:	1997	1996
	£	£
Remuneration	<u>-</u>	<u>33,060</u>

## 5. OTHER INTEREST RECEIVABLE

	1997	1996
	£	£
Bank interest receivable	<u>-</u>	<u>1,765</u>

## 6. INTEREST PAYABLE AND SIMILAR CHARGES

	1997	1996
	£	£
Interest on hire purchase agreement	<u>-</u>	<u>2,393</u>

## 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

No corporation tax liability arises on the profit for the year. The company has trading losses of approximately £96,000 (1996:£96,000).

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1997

## 8. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Office Equipment £	Computers £	Total £
<b>COST</b>				
At 1st January 1997	16,285	666	1,594	18,545
Transfer to fellow subsidiary	(16,285)	(666)	(1,594)	(18,545)
At 31st December 1997	-	-	-	-
<b>ACCUMULATED DEPRECIATION</b>				
At 1st January 1997	4,749	492	1,594	6,835
Transfer to fellow subsidiary	(4,749)	(492)	(1,594)	(6,835)
At 31st December 1997	-	-	-	-
<b>NET BOOK VALUE</b>				
At 31st December 1997	-	-	-	-
At 31st December 1996	11,536	174	-	11,710

## 9. DEBTORS

	1997 £	1996 £
Trade debtors	-	18,818
Amounts owed by parent undertakings	-	9,650
Amounts owed by fellow subsidiaries	-	26,250
	<u>-</u>	<u>54,718</u>

## 10. CREDITORS: Amounts falling due within one year

	1997 £	1996 £
Amounts due to fellow subsidiaries	101,238	-
Trade creditors	-	12,718
Other taxes and social security costs	-	6,418
Obligations under finance leases and hire purchase agreements	-	2,284
Accruals and deferred income	-	20,443
	<u>101,238</u>	<u>41,863</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 1997

## 11. CREDITORS: Amounts falling due after more than one year

	1997 £	1996 £
Amounts due to parent undertaking	-	119,000
Obligations under finance leases and hire purchase agreements:		
- Due between two and five years	-	7,458
	<u>-</u>	<u>126,458</u>

## 12. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised:		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
Allotted and fully paid:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

## 13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year after taxation	-	22,485
Opening shareholders' funds	<u>(101,238)</u>	<u>(123,723)</u>
Closing shareholders' funds	<u>(101,238)</u>	<u>(101,238)</u>

## 14. PARENT UNDERTAKING

The ultimate parent undertaking is Prosafe ASA, a company which is incorporated in Norway and listed on the Norwegian stock exchange.

The immediate parent undertaking is Lynne Projects Limited, a company incorporated in England and Wales.