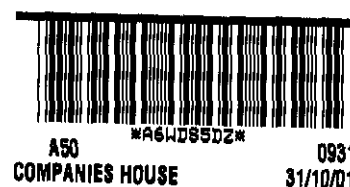


Palmers Corrosion Control Limited
Annual report
for the year ended 31 December 2000

Registered Number 3103277



Palmers Corrosion Control Limited
Annual report
for the year ended 31 December 2000
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Palmers Corrosion Control Limited

Directors and Advisors for the year ended 31 December 2000

Directors

A Clark (Chief Executive Officer)
J L C Bain (resigned 31 December 2000)
J W Simpson (resigned 31 December 2000)
R G Forbes (appointed 31 December 2000)
A Bruce (appointed 31 December 2000)

Company secretary and registered office

R G Forbes
7 Woodville Place
HERTFORD
Hertfordshire
SG14 3NX

Auditors

PricewaterhouseCoopers
32 Albyn Place
ABERDEEN
AB10 1YL

Solicitors

Ledingham and Chalmers
Johnstone House
52-54 Rose Street
ABERDEEN
AB10 1HA

Bankers

Bank of Scotland
39 Albyn Place
ABERDEEN
AB10 1YN

Palmers Corrosion Control Limited

Directors' report for the year ended 31 December 2000

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The company did not trade during the year.

Results and dividends

The company did not trade during the year and consequently made no gain or loss. The directors do not propose the payment of a dividend.

Directors and their interest in shares of the company

The directors who held office during the year were as follows:

Mr A Clark

Mr J L C Bain (resigned 31 December 2000)

Mr J W Simpson (resigned 31 December 2000)

On 31 December 2000, Mr R G Forbes and Mr A Bruce were appointed as directors of the company.

Directors' interests

None of the directors had a beneficial interest in the share capital of the company. The interests of the directors in the shares of the parent company are disclosed in the financial statements of that company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

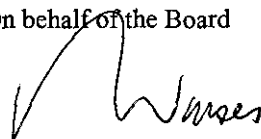
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



Secretary

Palmers Corrosion Control Limited

Auditors' report to the members of Palmers Corrosion Control Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

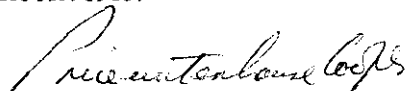
Basis of audit opinion

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 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Aberdeen

Palmers Corrosion Control Limited

Profit and loss account for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover		-	475,764
Operating costs	2	-	(530,222)
Operating loss		-	(54,458)
Interest payable and similar charges	5	-	(12,251)
Loss on ordinary activities before taxation		-	(66,709)
Tax on loss on ordinary activities	6	-	(3,473)
Retained loss for the financial year	11	-	(70,182)

All activities relate to discontinued operations.

The company has no recognised gains and losses other than those included in the loss above, and therefore no separate statement of total recognised gains and losses has been presented.

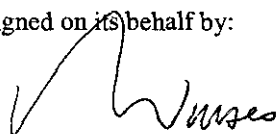
There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

Palmers Corrosion Control Limited

Balance sheet as at 31 December 2000

	Note	2000 £	1999 £
Current assets			
Debtors	7	1,044,488	1,052,931
Creditors: amounts falling due within one year			
	8	(1,879,034)	(1,887,477)
Net liabilities		(834,546)	(834,546)
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	(834,548)	(834,548)
Deficiency of equity shareholders' funds	11	(834,546)	(834,546)

The financial statements on pages 4 to 10 were approved by the board of directors on 30/10/01 and were signed on its behalf by:



Director

Palmers Corrosion Control Limited

Notes to the financial statements for the year ended 31 December 2000

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention. The going concern concept has been adopted on the basis that the directors of the parent company have given assurances that they will provide funds to enable the company to meet its liabilities as they fall due.

Cash flow statement

The company is a wholly owned subsidiary of Rigblast Group Limited, the ultimate parent company. The cash flows of the company are included in the consolidated financial statements of Rigblast Group Limited which are publicly available. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied by the company and the value of contract work done.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Pension obligations

The company is part of The Rigblast Group Pension Scheme, which is a defined contribution scheme. The charge to the profit and loss account is the amount of contributions payable to the Scheme in the period. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The company does not provide any other post-retirement benefits to its employees.

Palmers Corrosion Control Limited

2 Operating costs

	2000	1999
	£	£
Discontinued operations		
Raw materials and consumables	-	38,829
Hire of machinery and machinery	-	77,324
Other external charges	-	9,604
Depreciation of tangible owned fixed assets	-	1,876
Wages and salaries	-	348,652
Social security costs	-	31,290
Other pension costs	-	549
Management charge	-	22,098
	-	530,222

Details of remuneration paid to the auditors can be found in the financial statements of the ultimate parent company, Rigblast Group Limited.

3 Directors' emoluments

The directors of the company are also directors of the company's ultimate parent company and details of their remuneration can be found in the financial statements of that company. No remuneration was paid to directors by this company.

4 Employee information

The average monthly number of persons (excluding executive directors) employed by the company during the year was:

	2000	1999
	Number	Number
Directors	-	4
Administration	-	3
Other	-	50
	-	57

Palmers Corrosion Control Limited

5 Interest payable and similar charges

	2000	1999
	£	£
On bank overdrafts	-	12,251

6 Tax on loss on ordinary activities

	2000	1999
	£	£
Over provision in respect of prior years		
Current	-	(3,473)
	-	(3,473)

7 Debtors

	2000	1999
	£	£
Amounts falling due within one year:		
Amounts due by group undertakings	1,044,488	1,044,488
VAT	-	291
Corporation tax recoverable	-	8,152
	1,044,488	1,052,931

8 Creditors – amounts falling due within one year

	2000	1999
	£	£
Amounts owed to group undertakings	1,879,034	1,887,477

Palmers Corrosion Control Limited

9 Called up share capital

	2000	1999
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

10 Profit and loss account

	£
At 1 January 2000 and 31 December 2000	(834,548)

11 Reconciliation of movements in equity shareholders' funds

	2000	1999
	£	£
Retained loss for the year	-	(70,182)
Opening shareholders' funds - deficit	(834,546)	(764,364)
Closing shareholders' funds - deficit	(834,546)	(834,546)

12 Related party disclosures

The company has taken advantage of the exemption available under Financial Reporting Standard 8 not to disclose details of intra group transactions, on the grounds that it is a subsidiary where 90% or more of its voting rights are controlled within the group, and the consolidated financial statements of Rigblast Group Limited are publicly available.

There were no other material related party transactions during the year.

13 Pension obligations

The company is a member of Rigblast Group Pension Scheme, which is a defined contribution scheme. The pension cost for the period was £nil (1998 : £549). There were no outstanding contributions at the balance sheet date.

Palmers Corrosion Control Limited

14 Ultimate parent company and controlling party

The immediate parent company is Rigblast Energy Services Limited.

The ultimate parent undertaking and controlling party is Rigblast Group Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Rigblast Group Limited, North Norfolk House, Pitmedden Road, Dyce, Aberdeen, AB21 0DP.