

**RIG DESIGN SERVICES HOLDINGS
LIMITED**

(formerly RDS GROUP LIMITED)

Report and Financial Statements

30 April 2003



Deloitte & Touche LLP
Cambridge

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REPORT AND FINANCIAL STATEMENTS 2003

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REPORT AND FINANCIAL STATEMENTS 2003**OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

B J Thompson
S H Thompson
R Sharma

SECRETARIES

A I Thompson
R Sharma

REGISTERED OFFICE

Longchase
Moneyrow Green Road
Holyport
Berkshire
SL6 2NA

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cambridge

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2003.

This report has been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a holding company.

DIRECTORS AND THEIR INTERESTS

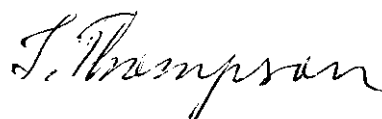
The directors who held office during the year and their interests in the shares of the company were:

	2003	2002
B J Thompson	1	1
K Davison (resigned 9 October 2002)	-	-
R Sharma	-	-
S H Thompson	-	-

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

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



A I THOMPSON

Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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 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 accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIG DESIGN SERVICES HOLDINGS LIMITED (formerly RDS GROUP LIMITED)

We have audited the financial statements of Rig Design Services Holdings Limited for the year ended 30 April 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 auditors' 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 1985. We also report 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 30 April 2003 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Deloitte & Touche LLP.

Deloitte & Touche LLP

Chartered Accountants and
Registered Auditors

Cambridge

26.2.2004.

PROFIT AND LOSS ACCOUNT
Year ended 30 April 2003

	Note	2003 £	2002 £
TURNOVER		969,167	943,026
Administrative expenses		<u>(1,126,706)</u>	<u>(1,046,809)</u>
OPERATING LOSS	2	(157,539)	(103,783)
Interest receivable and similar income		536	6,843
Interest payable and similar charges	4	<u>(9,407)</u>	<u>(3,360)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(166,410)	(100,300)
Tax on loss on ordinary activities	5	<u>3,282</u>	<u>75,764</u>
LOSS FOR THE FINANCIAL YEAR		(163,128)	(24,536)
Retained loss brought forward		<u>(369,453)</u>	<u>(344,917)</u>
Retained loss carried forward		<u>(532,581)</u>	<u>(369,453)</u>

All activities derive from continuing operations.

There are no recognised gains and losses for the current financial year and preceding financial year other than as shown above.

BALANCE SHEET
30 April 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	6	448,144	523,025
Investments	7	670,000	670,000
		<u>1,118,144</u>	<u>1,193,025</u>
CURRENT ASSETS			
Debtors	8	245,883	282,817
Cash at bank and in hand		65,063	84,369
		<u>310,946</u>	<u>367,186</u>
CREDITORS: amounts falling due within one year	9	<u>(225,808)</u>	<u>(429,912)</u>
NET CURRENT ASSETS (LIABILITIES)		<u>85,138</u>	<u>(62,726)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,203,282</u>	<u>1,130,299</u>
CREDITORS: amounts falling due after more than one year	10	<u>(257,656)</u>	<u>(21,545)</u>
		<u>945,626</u>	<u>1,108,754</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,000	1,000
Share premium account	13	1,477,207	1,477,207
Profit and loss account	13	(532,581)	(369,453)
EQUITY SHAREHOLDERS' FUNDS	14	<u>945,626</u>	<u>1,108,754</u>

These accounts have been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985.

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

 9.02.04.
B J THOMPSON

Director

NOTES TO THE ACCOUNTS
Year ended 30 April 2003**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

B J Thompson, a director of the company has undertaken to make available adequate financial facilities to enable the company to continue trading as a going concern for at least the next twelve months from the date of the approval of these financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention.

Group accounts

No group accounts have been prepared as the company has taken advantage of the exemption conferred by Section 248 of the Companies Act 1985 on the basis that the group satisfied the "medium size" group criteria.

Cash flow statement

No cash flow statement has been prepared as the company has taken advantage of the exemption on FRS 1 (Revised) "Cash Flow Statements" relating to small companies.

Turnover

Turnover represents the amount invoiced for services rendered during the financial year, exclusive of value added tax.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis by reference to the anticipated useful economic lives of the assets concerned at the following rates:

Computer equipment	25% per annum
Office furniture, fixtures and equipment	25% per annum
Motor vehicles	25% per annum
Aircraft	6 2/3% per annum

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Deferred taxation

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful economic lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss account as incurred.

NOTES TO THE ACCOUNTS
Year ended 30 April 2003

1. ACCOUNTING POLICIES (continued)

Pension scheme contributions

Contributions are charged to the profit and loss account as they are paid into individual employee's pension schemes.

2. OPERATING LOSS

	2003 £	2002 £
Operating loss is after charging:		
Depreciation:		
Owned assets	47,272	47,554
Leased assets	27,609	27,609
Rentals under operating leases	2,996	4,357
Auditors' remuneration	20,000	20,000
Foreign exchange loss	30,083	2,183
	<u> </u>	<u> </u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2003 £	2002 £
Directors' emoluments	348,380	678,700
	<u> </u>	<u> </u>

The number of directors accruing benefits under a money purchase pension scheme is 1 (2002 - 1).

Highest paid director

Other emoluments	202,334	272,667
Pension contributions	30,000	30,000
	<u> </u>	<u> </u>
	232,334	302,667
	<u> </u>	<u> </u>
	No	No

Average number of persons employed by the company in the year

Administration	9	6
	<u> </u>	<u> </u>
	£	£

Staff costs incurred during the year (including directors) in respect of these employees were:

Wages and salaries	650,761	624,705
Social security costs	72,377	87,561
Pension costs	30,000	30,000
	<u> </u>	<u> </u>
	753,138	742,266
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 30 April 2003**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2003 £	2002 £
Interest on hire purchase agreements	2,119	3,360
Interest on related party loan	7,288	-
	<u>9,407</u>	<u>3,360</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2003 £	2002 £
Current tax		
Group relief	(3,282)	-
Total current tax	(3,282)	-
Deferred tax		
Origination and reversal of timing differences	-	(1,604)
Adjustment in respect of prior years	-	(74,160)
Tax on loss on ordinary activities	<u>(3,282)</u>	<u>(75,764)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax credit for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2003 £	2002 £
Loss on ordinary activities before tax	(166,410)	(100,300)
Tax on loss on ordinary activities at standard rate	(49,923)	(30,090)
Expenses not deductible for tax purposes	8,912	9,413
Capital allowances in deficit of depreciation	6,412	1,604
Losses not recognised as deferred tax asset	31,317	19,073
Total actual amount of current tax	<u>(3,282)</u>	<u>-</u>

NOTES TO THE ACCOUNTS Year ended 30 April 2003

6. TANGIBLE FIXED ASSETS

	Aircraft £	Computer equipment £	Office furniture, fixtures and equipment £	Motor vehicles £	Total £
Cost					
At 1 May 2002 and 30 April 2003	846,955	9,829	10,669	137,729	1,005,182
Depreciation					
At 1 May 2002	380,233	7,654	6,456	87,814	482,157
Charge for year	42,429	2,175	2,668	27,609	74,881
At 30 April 2003	422,662	9,829	9,124	115,423	557,038
Net book value					
At 30 April 2003	424,293	-	1,545	22,306	448,144
At 30 April 2002	466,722	2,175	4,213	49,915	523,025

The net book value of tangible fixed assets includes £22,306 (2002 - £49,915) for assets held under finance leases and hire purchase contracts.

7. INVESTMENTS HELD AS FIXED ASSETS

	Subsidiary undertakings £
Cost	
At 1 May 2002 and 30 April 2003	670,000

The company holds 100% of the ordinary shares in issue of Rig Design Services Limited. The principal activities of the company are that of design and project management primarily for the oil industry, and computer aided design and training.

	2003		2002	
	Net capital and reserves £	Loss for year £	Net capital and reserves £	Profit for year £
Rig Design Services Limited	(1,785,127)	(428,146)	(1,356,981)	(735,631)

NOTES TO THE ACCOUNTS
Year ended 30 April 2003**8. DEBTORS**

	2003 £	2002 £
Amounts owed by group companies	-	7,815
Group relief receivable	3,282	-
Other debtors	241,085	275,002
Prepayments and accrued income	1,516	-
	<u>245,883</u>	<u>282,817</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank overdraft	79,818	263,219
Obligations under finance leases and hire purchase contracts	13,889	42,857
Trade creditors	38,816	25,306
Amounts owed to subsidiary undertakings	-	748
Taxation and social security	73,285	85,407
Accruals and deferred income	20,000	12,375
	<u>225,808</u>	<u>429,912</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £	2002 £
Related party loan	250,000	-
Obligations under hire purchase contracts	7,656	21,545
	<u>257,656</u>	<u>21,545</u>

The maturity of obligations under the related party loan due in more than one year is:

	2003 £	2002 £
Within one to two years	<u>250,000</u>	<u>-</u>

The related party loan was obtained from the Barry Thompson Pension Scheme and is repayable in full on 31 May 2004. The variable interest rate is three percent above the HSBC Base Rate per annum.

The maturity of obligations under hire purchase contracts due in more than one year is:

	2003 £	2002 £
Within two to five years inclusive	<u>7,656</u>	<u>21,545</u>

NOTES TO THE ACCOUNTS
Year ended 30 April 2003**11. PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation	£
At 1 May 2002	-
Profit and loss account credit	-
	<hr/>
At 30 April 2003	-
	<hr/> <hr/>

The amounts of deferred taxation provided and unprovided in the accounts are as follows:

	Provided		Unprovided	
	2003	2002	2003	2002
	£	£	£	£
Capital allowances in excess of depreciation	67,748	74,160	-	-
Revenue losses	(67,748)	(74,160)	(117,711)	(78,306)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	(117,711)	(78,306)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

A deferred tax asset has not been recognised in respect of revenue losses as there is insufficient evidence that the asset will be recovered. These deferred tax assets will be recovered if the company makes future taxable income.

12. CALLED UP SHARE CAPITAL

	2003	2002
	£	£
Authorised		
100,000 ordinary shares of £0.01 each	1,000	1,000
	<hr/>	<hr/>
Called up, allotted and fully paid		
100,000 ordinary shares of £0.01 each	1,000	1,000
	<hr/>	<hr/>

13. MOVEMENTS ON RESERVES

	Share premium account	Profit and loss account	Total
	£	£	£
At 1 May 2002	1,477,207	(369,453)	1,107,754
Retained loss for the year	-	(163,128)	(163,128)
	<hr/>	<hr/>	<hr/>
At 30 April 2003	1,477,207	(532,581)	944,626
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS
Year ended 30 April 2003**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2003 £	2002 £
Loss for the year	(163,128)	(24,536)
Opening shareholders' funds	1,108,754	1,133,290
Closing shareholders' funds	<u>945,626</u>	<u>1,108,754</u>

15. CONTINGENT LIABILITY

The company has entered into a cross guarantee securing the bank overdrafts where applicable of RDS Automotive Limited, RDS International Projects Limited, RDS Aviation Services Limited, Acecad Software Limited, Strucad UK Limited, i2i Services Limited, RDS Automotive Group Limited, RDS Software Group Limited, RDS Group Limited, Godata Limited and Rig Design Services Limited. As security the bank holds a charge over all the assets of the company.

The company has counter indemnified the Bank of Scotland in respect of a Bond issued on behalf of the company to Samsung Heavy Industries Co Limited for US\$177,500. The counter indemnity shall remain in force until all liabilities incurred under the agreement have been discharged in full.

The company has entered into a performance guarantee on behalf of its subsidiary company, Rig Design Services Limited, with Grootint BV, a customer of Rig Design Services Limited.

16. RELATED PARTY TRANSACTIONS

During the year, the company charged Rig Design Services Limited, a subsidiary company, £203,824 (2002 - £199,177) for management services and other expenses incurred on behalf of that company. At the year end £nil (2002 - £748) was owed to Rig Design Services Limited.

During the year, the company charged RDS Automotive Limited, a fellow subsidiary company, £516,760 (2002 - £447,989) for management services and other expenses incurred on behalf of that company. At the year end £nil (2002 - £1,316) was outstanding.

During the year, the company charged RDS International Products Limited, a fellow subsidiary company, £80,345 (2002 - £78,540) for management services and other expenses incurred on behalf of that company.

During the year, the company charged i2i Services Limited, a fellow subsidiary company, £152,345 (2002 - £150,733) for management services and other expenses incurred on behalf of that company.

During the year, the company charged Acecad Software Limited, a fellow subsidiary company, £186,287 (2002 - £189,118) for management services and other expenses incurred on behalf of that company. At the year end £nil (2002 - £6,499) was outstanding.

During the year, the company charged Godata Limited, a fellow subsidiary company, £12,000 (2002 - £16,646) for management services and other expenses incurred on behalf of that company.

During the year, the company made purchases of £2,798 (2002 - £nil) from Acecad Software Limited, a fellow subsidiary company.

17. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company is RDS Group Limited, a company incorporated in Bermuda and controlled by B J Thompson.

ADDITIONAL INFORMATION

The additional information on page 15 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

DETAILED PROFIT AND LOSS ACCOUNT
Year ended 30 April 2003

	£	2003 £	£	2002 £
TURNOVER		969,167		943,026
Interest receivable		536		6,843
ADMINISTRATIVE EXPENSES				
Light, heat and power	1,284		826	
Repairs and maintenance	8,263		3,606	
Insurance	25,541		31,353	
Salaries and national insurance	756,186		742,266	
Aircraft maintenance, fuel and hangarage	49,799		64,985	
Travel and subsistence	20,056		15,326	
Motor	15,896		16,638	
Entertaining	9,957		17,569	
Courier and freight charges	440		515	
Motor vehicle leasing	2,996		4,357	
Miscellaneous	12,012		5,160	
Printing and stationery	4,855		3,870	
Computer maintenance	2,086		2,888	
Telephone, telex and postage	13,433		9,936	
Audit and accountancy	32,773		12,732	
Legal and professional	66,165		37,336	
Finance lease interest	2,119		3,360	
Exchange difference	30,083		2,183	
Other interest	7,288		-	
Depreciation	74,881		75,163	
Donations	-		100	
		(1,136,113)		(1,050,169)
LOSS FOR THE YEAR BEFORE TAX		(166,410)		(100,300)