

**RIG DESIGN SERVICES HOLDINGS
LIMITED**

Report and Financial Statements

30 April 2004



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RIG DESIGN SERVICES HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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RIG DESIGN SERVICES HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B J Thompson
S H Thompson

SECRETARIES

A I Thompson
R Sharma

REGISTERED OFFICE

Longchase
Moneyrow Green Road
Holyport
Berkshire
SL6 2NA

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Cambridge

RIG DESIGN SERVICES HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2004.

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:

	2004	2003
B J Thompson	1	1
R Sharma (resigned 3 September 2003)	-	-
S H Thompson	-	-

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

Handwritten signature of A I Thompson in cursive script, followed by the date 11/1/05.

A I THOMPSON

Secretary

RIG DESIGN SERVICES HOLDINGS LIMITED

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

We have audited the financial statements of Rig Design Services Holdings Limited for the year ended 30 April 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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.

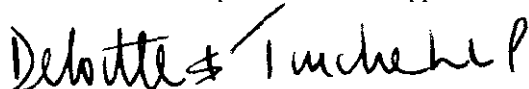
Basis of audit opinion

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 2004 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

Chartered Accountants and
Registered Auditors

Cambridge



RIG DESIGN SERVICES HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 April 2004

	Note	2004 £	2003 £
TURNOVER		484,599	969,167
Administrative expenses		(456,928)	(1,126,706)
Amounts provided against investments		(670,000)	-
OPERATING LOSS	2	(642,329)	(157,539)
Interest receivable and similar income		94	536
Interest payable and similar charges	4	(9,431)	(9,407)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(651,666)	(166,410)
Tax on loss on ordinary activities	5	18,040	3,282
LOSS FOR THE FINANCIAL YEAR		(633,626)	(163,128)
Retained loss brought forward		(532,581)	(369,453)
Retained loss carried forward		(1,166,207)	(532,581)

All activities derive from discontinued operations, as transferred to RDS Group Limited on 1 November 2003.

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

RIG DESIGN SERVICES HOLDINGS LIMITED

BALANCE SHEET

30 April 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	6	-	448,144
Investments	7	-	670,000
		<u>-</u>	<u>1,118,144</u>
CURRENT ASSETS			
Debtors	8	18,040	245,883
Cash at bank and in hand		319,159	65,063
		<u>337,199</u>	<u>310,946</u>
CREDITORS: amounts falling due within one year	9	(25,199)	(225,808)
NET CURRENT ASSETS		<u>312,000</u>	<u>85,138</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		312,000	1,203,282
CREDITORS: amounts falling due after more than one year	10	-	(257,656)
		<u>312,000</u>	<u>945,626</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	(1,166,207)	(532,581)
EQUITY SHAREHOLDERS' FUNDS	14	<u>312,000</u>	<u>945,626</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 11. Jan. 2005

Signed on behalf of the Board of Directors



B J THOMPSON

Director

RIG DESIGN SERVICES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

1. ACCOUNTING POLICIES

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

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. All turnover is derived from the United Kingdom.

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.

RIG DESIGN SERVICES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

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

	2004 £	2003 £
Operating loss is after charging:		
Depreciation:		
Owned assets	-	47,272
Leased assets	-	27,609
Loss on disposal of fixed assets	32,995	-
Rentals under operating leases	-	2,996
Auditors' remuneration	-	20,000
Foreign exchange loss	13,481	30,083

Audit fees in the current year are borne by a related company, RDS Group Limited.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004 £	2003 £
Directors' emoluments	173,793	348,380
Pension contributions	15,000	30,000

The number of directors accruing benefits under a money purchase pension scheme is 1 (2003 - 1).

Highest paid director

Other emoluments	95,334	202,334
Pension contributions	15,000	30,000

110,334 232,334

No No

Average number of persons employed by the company in the year

Administration	4	9
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£ £

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

Wages and salaries	291,675	650,761
Social security costs	34,015	72,377
Pension costs	15,000	30,000
	340,690	753,138

RIG DESIGN SERVICES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Interest on hire purchase agreements	753	2,119
Interest on related party loan	8,678	7,288
	<u>9,431</u>	<u>9,407</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2004 £	2003 £
Current tax		
Group relief	(18,040)	(3,282)
Tax on loss on ordinary activities	<u>(18,040)</u>	<u>(3,282)</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:

	2004 £	2003 £
Loss on ordinary activities before tax	(651,666)	(166,410)
Tax on loss on ordinary activities at standard rate	(195,500)	(49,923)
Expenses not deductible for tax purposes	2,044	8,912
Amounts provided against investments	201,000	-
Capital allowances in deficit of depreciation	3,132	6,412
Losses not recognised as deferred tax asset	(10,648)	31,317
Prior period adjustments	(18,068)	-
Total actual amount of current tax	<u>(18,040)</u>	<u>(3,282)</u>

RIG DESIGN SERVICES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 April 2004

6. TANGIBLE FIXED ASSETS

	Aircraft £	Computer equipment £	Office furniture, fixtures and equipment £	Motor vehicles £	Total £
Cost					
At 1 May 2003	846,955	9,829	10,669	137,729	1,005,182
Disposals	(846,955)	(9,829)	(10,669)	(137,729)	(1,005,182)
At 30 April 2004	-	-	-	-	-
Depreciation					
At 1 May 2003	422,662	9,829	9,124	115,423	557,038
Disposals	(422,662)	(9,829)	(9,124)	(115,423)	(557,038)
At 30 April 2004	-	-	-	-	-
Net book value					
At 30 April 2004	-	-	-	-	-
At 30 April 2003	424,293	-	1,545	22,306	448,144

The net book value of tangible fixed assets includes £nil (2003 - £22,306) for assets held under finance leases and hire purchase contracts.

7. INVESTMENTS HELD AS FIXED ASSETS

	Subsidiary undertakings £
Cost	
At 1 May 2003 and 30 April 2004	670,000
Provision	
Charged and at 30 April 2004	(670,000)
Net book value	
At 30 April 2004	-
At 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.

	2004		2003	
	Net capital and reserves £	Loss for year £	Net capital and reserves £	Loss for year £
Rig Design Services Limited	(2,427,229)	(642,102)	(1,785,127)	(428,146)

RIG DESIGN SERVICES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

8. DEBTORS

	2004 £	2003 £
Group relief receivable	18,040	3,282
Other debtors	-	241,085
Prepayments and accrued income	-	1,516
	<u>18,040</u>	<u>245,883</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Bank overdraft	-	79,818
Obligations under finance leases and hire purchase contracts	-	13,889
Trade creditors	-	38,816
Amounts owed to group companies	25,199	-
Taxation and social security	-	73,285
Accruals and deferred income	-	20,000
	<u>25,199</u>	<u>225,808</u>

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

	2004 £	2003 £
Related party loan	-	250,000
Obligations under hire purchase contracts	-	7,656
	<u>-</u>	<u>257,656</u>

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

	2004 £	2003 £
Within one to two years	-	250,000

The related party loan was obtained from the Barry Thompson Pension Scheme and was transferred to a related company, RDS Group Limited, during the year.

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

	2004 £	2003 £
Within two to five years inclusive	-	7,656

RIG DESIGN SERVICES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

11. PROVISIONS FOR LIABILITIES AND CHARGES

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

	Provided		Unprovided	
	2004	2003	2004	2003
	£	£	£	£
Capital allowances in excess of depreciation	-	67,748	-	-
Revenue losses	-	(67,748)	-	(117,711)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,711)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,711)</u>

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

	2004	2003
	£	£
Authorised		
100,000 ordinary shares of £0.01 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
100,000 ordinary shares of £0.01 each	<u>1,000</u>	<u>1,000</u>

13. MOVEMENTS ON RESERVES

	Share premium account	Profit and loss account	Total
	£	£	£
At 1 May 2003	1,477,207	(532,581)	944,626
Retained profit for the year	-	(633,626)	(633,626)
At 30 April 2004	<u>1,477,207</u>	<u>(1,166,207)</u>	<u>311,000</u>

RIG DESIGN SERVICES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Loss for the year	(633,626)	(163,128)
Opening shareholders' funds	945,626	1,108,754
Closing shareholders' funds	312,000	945,626

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, £107,732 (2003 - £203,824) for management services and other expenses incurred on behalf of that company. At the year end £nil (2003 - £nil) was owed to Rig Design Services Limited.

During the year, the company charged RDS Automotive Limited, a fellow subsidiary company, £308,497 (2003 - £516,760) for management services and other expenses incurred on behalf of that company. At the year end £nil (2003 - £nil) was outstanding.

During the year, the company charged RDS International Products Limited, a fellow subsidiary company, £41,632 (2003 - £80,345) for management services and other expenses incurred on behalf of that company. At the year end £nil (2003 - £nil) was outstanding.

During the year, the company charged i2i Services Limited, a fellow subsidiary company, £77,632 (2003 - £152,345) for management services and other expenses incurred on behalf of that company. At the year end £nil (2003 - £nil) was outstanding.

During the year, the company charged Acecad Software Limited, a fellow subsidiary company, £96,313 (2003 - £186,287) for management services and other expenses incurred on behalf of that company. At the year end £nil (2003 - £nil) was outstanding.

During the year, the company charged Godata Limited, a fellow subsidiary company, £6,000 (2003 - £12,000) for management services and other expenses incurred on behalf of that company. At the year end £nil (2003 - £nil) was outstanding.

During the year, the company made purchases of £nil (2003 - £2,798) from Acecad Software Limited, a fellow subsidiary company.

RIG DESIGN SERVICES HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 April 2004

16. RELATED PARTY TRANSACTIONS (continued)

During the year, the company charged RDS Group Limited, a fellow subsidiary company, £3,282 (2003 - £nil) for expenses incurred on behalf of that company. In addition, RDS Group Limited charged the company £28,481 (2003 - £nil) for expenses incurred by RDS Group Limited on behalf of the company during the year. At 30 April 2004, the company owed RDS Group Limited £25,199 (2003 - £nil) in respect of these transactions.

On 1 November 2003, the company transferred net assets with a book value of £379,120 to RDS Group Limited, a fellow subsidiary company. The company incurred a loss on transfer of £32,995. No amounts were outstanding at year end relating to this transaction.

The company sold group relief of £18,040 (2003 - £nil) to RDS Automotive Limited.

17. POST BALANCE SHEET EVENTS

On 10 September 2004 Rig Design Services Limited, a subsidiary company, completed the sale of their trade and certain business assets to a third party for expected total consideration of £2,400,000.

18. ULTIMATE PARENT COMPANY

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