

Exploration and Production Services (Holdings) Limited

Accounts for the year ended 31 March 2000
together with directors' and auditors' reports

Registered number: 1461021



Directors' report

For the year ended 31 March 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 March 2000.

Principal activity and business review

The principal activity of the company continues to be that of a holding company. The main activities of the company's subsidiary undertakings are the provision of specialised exploration and production services to the international oil and gas industries. These subsidiaries are well placed to exploit opportunities by continuing to expand their existing product lines and from introducing new products.

Results and dividends

The company's profit for the financial year was £6,084,000 (1999: £7,995,000). An interim dividend of £6,186,000 was paid in the year (1999: £nil). The directors recommend no payment of a final dividend (1999: £8,000,000).

Directors

The directors who served during the year were as follows:

J H Dawson

C P Ainger

Directors interests

The directors who held office at 31 March 2000 were also directors of Expro International Group PLC, the ultimate parent company, and their interests in the shares of that company are disclosed in the accounts of that company. The directors have no interests in the shares of the company.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

Directors' report (continued)

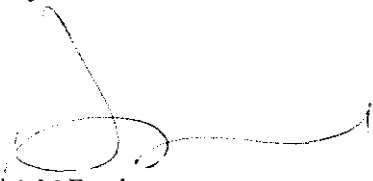
For the year ended 31 March 2000

Auditors

Arthur Andersen have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting.

Reading Bridge House
Reading Bridge
Reading
Berkshire
RG1 8PL

By order of the Board



A M Dand
Secretary

6 June 2000

Auditors' report

For the year ended 31 March 2000

To the Shareholders of Exploration and Production Services (Holdings) Limited:

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts 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.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 March 2000 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

6 June 2000

Profit and loss account

For the year ended 31 March 2000

	Notes	2000 £'000	1999 £'000
Administration expenses		(70)	(7)
Operating loss		<u>(70)</u>	<u>(7)</u>
Dividends receivable		6,186	8,000
Interest income	1	1,065	1,125
Interest payable	2	(1,141)	(1,125)
Profit on ordinary activities before taxation	3	<u>6,040</u>	<u>7,993</u>
Tax on profit on ordinary activities	5	44	2
Profit for the financial year		<u>6,084</u>	<u>7,995</u>
Dividends paid and proposed	6	(6,186)	(8,000)
Retained loss for the year	12	<u>(102)</u>	<u>(5)</u>

The accompanying notes are an integral part of this profit and loss account.

There are no recognised gains or losses other than the profit in each financial year.

Balance sheet

31 March 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Investments	7	16,719	16,071
Current assets			
Debtors	8	69,683	41,583
Creditors: Amounts falling due within one year	9	(83,013)	(54,163)
Net current liabilities		(13,330)	(12,580)
Total assets less current liabilities		3,389	3,491
Net assets		3,389	3,491
Capital and reserves			
Called-up share capital	10	775	775
Share premium account	11	150	150
Capital redemption reserve	11	2,500	2,500
Profit and loss account	11	(36)	66
Total equity shareholders' funds	12	3,389	3,491

Signed on behalf of the Board



C P Ainger

Director

6 June 2000

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

For the year ended 31 March 2000

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year, is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The company has net current liabilities of £13,330,000, the directors have concluded that it is appropriate to adopt the going concern assumption as the directors of the ultimate parent company have agreed to provide the company with support to enable it to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the accounts.

b) Investments

Fixed asset investments are shown at cost less any provision for impairment.

c) Consolidated accounts

The company is a wholly owned subsidiary of Expro International Group PLC, which prepares consolidated accounts. The company has, therefore, taken advantage of the exemption under Section 228 of the 1985 Companies Act from the obligation to prepare and deliver group accounts.

d) Taxation

Corporation tax payable is provided at current rates in accordance with the requirements of the legislation of countries in which operations take place.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) is calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will not reverse.

e) Foreign currency

Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the dates of the transactions. Current assets and liabilities denominated in foreign currencies are translated at year-end rates. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

f) Cash flow

Under the provisions of Financial Reporting Standard No.1 (revised), the company has not prepared a cash flow statement because its ultimate parent undertaking, Expro International Group PLC, has prepared consolidated accounts which include the financial statements of the company for the year and which contain a cash flow statement.

Notes to the accounts

31 March 2000

1. Interest income

	2000 £'000	1999 £'000
Interest income from intragroup loans	1,065	1,125

2. Interest payable and similar charges

	2000 £'000	1999 £'000
Interest payable on bank loans and overdrafts	316	-
Interest payable on intragroup loans	825	1,125
	1,141	1,125

3. Profit on ordinary activities before taxation

Audit fees for the year and the preceding year have been borne by another group undertaking.

4. Directors' remuneration

The directors who served during the year were also directors of Expro International Group PLC and the details of their remuneration can be found in the accounts of that company.

5. Tax on profit on ordinary activities

	2000 £'000	1999 £'000
Corporation tax credit	44	2
There is no unprovided deferred taxation (1999: £nil).		

6. Dividends

	2000 £'000	1999 £'000
Interim dividend paid £7.98 (1999: £nil) per share	6,186	-
Final proposed dividend on ordinary shares £nil (1999: £10.32) per share	-	8,000
	6,186	8,000

Notes to the accounts (continued)

31 March 2000

7. Fixed asset investments

Investments in subsidiary undertakings	2000 £'000	1999 £'000
Cost at beginning of year	16,071	3,131
Increase in investment in Expro International B.V.	587	1,372
Acquisition of subsidiary	61	11,568
Cost at the end of year	16,719	16,071

During the year the company acquired 100% of the issued share capital of Ecodrill Ventures Limited, a company incorporated in Scotland, for a total consideration, including costs, of £61,000. After the date of acquisition of Ecodrill Ventures Limited, both Ecodrill Ventures Limited and Exploration and Production Services (North Sea) Limited each acquired a 50% interest in the partnership capital of Expro Americas General Partnership, a partnership established in the USA. On 1 March 2000 Expro Americas Holdings Inc., a USA incorporated 100% owned subsidiary undertaking of Expro Americas General Partnership acquired 100% of the issued share capital of Tripoint Inc. and Kinley Corporation, both of which are also incorporated in the USA.

Principal subsidiary undertakings which are held either directly or through an intermediate holding company are:

	Country of incorporation	Proportion of ordinary shares held by the	
		Company	Subsidiaries
Expro North Sea Limited	England	100%	-
Exploration and Production Services (North Sea) Limited	England	100%	-
Expro Group Integrated Services Limited	England	100%	-
Expro Overseas Limited	England	100%	-
Ecodrill Limited	Scotland	100%	-
Ecodrill Ventures Limited	Scotland	100%	-
Travelrevise Services Limited	England	100%	-
Tronic Limited	England	-	100%
Expro International Limited	Guernsey	100%	-
Expro Gulf Limited	Cyprus	-	100%
Expro (B) Sdn. Bhd.	Brunei	-	60%
Exprotech (Malaysia) Sdn. Bhd.	Malaysia	49%	-
Exprotech (Singapore) Pte Limited	Singapore	100%	-
Expro Overseas Inc.	Panama	-	100%
Ecodrill (Overseas) Limited	Cyprus	-	100%
Expro Americas Inc.	USA	100%	-
EGIS Australia Pty Limited	Australia	-	100%
Expro Group Australia Pty Limited	Australia	-	100%
Expro International B.V.	Netherlands	100%	-
Ecodrill Nigeria Limited	Nigeria	-	60%

Notes to the accounts (continued)

31 March 2000

7. Fixed asset investments (continued)

Principal subsidiary undertakings which are held through the investment in Expro Americas General Partnership are:

	Country of incorporation	Proportion of ordinary shares held by the	
		Partnership	Subsidiaries
Expro Americas Holdings Inc.	USA	100%	-
Tripoint Inc.	USA	-	100%
Kinley Corporation.	USA	-	100%

Each of the above companies are involved in the provision of specialised exploration and production services to the international oil and gas industries, with the exception of Expro International Limited, Expro International B.V. Travelrevise Services Limited and Expro Americas Holdings Inc. which are holding companies.

8. Debtors

	2000 £'000	1999 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	69,615	41,578
UK Corporation tax	44	5
Other debtors	24	-
	<u>69,683</u>	<u>41,583</u>

9. Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Bank loans and overdrafts (secured – see note 13)	23,154	-
Amounts owed to other group companies	59,859	54,161
Other creditors and accruals	-	2
	<u>83,013</u>	<u>54,163</u>

10. Share capital

	Authorised		Issued and fully paid	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
1,000,000 (775,000 issued) ordinary shares of £1 each	1,000	1,000	775	775
2,500,000 6.5% redeemable cumulative preference shares of £1 each	2,500	2,500	-	-
	<u>3,500</u>	<u>3,500</u>	<u>775</u>	<u>775</u>

Notes to the accounts (continued)

31 March 2000

11. Reserves

	Share premium £'000	Capital Redemption reserve £'000	Profit and loss account £'000
Balance at beginning of year	150	2,500	66
Loss for the year	-	-	(102)
Balance at end of year	150	2,500	(36)

12. Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	6,084	7,995
Dividends on equity shares	(6,186)	(8,000)
Net movement in shareholders' funds	(102)	(5)
Opening equity shareholders' funds	3,491	3,496
Closing equity shareholders' funds	3,389	3,491

13. Guarantees and other financial commitments

The company along with other group undertakings, has guaranteed and secured by a fixed charge and a floating charge on its own assets, the overdrafts and other liabilities of the company and certain other group undertakings. There are additional third party liabilities amounting to £711,000 (1999: £470,000) guaranteed by the company, along with other group undertakings.

14. Parent and ultimate holding company

The company is a wholly owned subsidiary of its ultimate holding company Expro International Group PLC, whose principal place of business is Reading Bridge House, Reading Bridge, Reading, Berkshire, RG1 8PL.

The only group in which the results of Exploration and Production Services (Holdings) Limited and subsidiary undertakings are consolidated is that headed by Expro International Group PLC. The consolidated accounts of the group are available to the public.

The company has taken advantage of the exemptions for disclosure of certain related party transactions available in Financial Reporting Standard No.8 to wholly owned subsidiaries of companies with publicly available accounts.