

Exploration and Production Services (Holdings) Limited

Annual report and accounts for the year ended 31 March 2002
together with directors' and auditors' reports

Registered number: 1461021



Directors' report

For the year ended 31 March 2002

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 2002.

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 £10,137,000 (2001: £5,043,000). An interim dividend of £9,000,000 was paid in the year (2001: £5,000,000). The directors recommend no payment of a final dividend (2001: £Nil).

Directors

The directors who served during the year were as follows:

J H Dawson

C P Ainger

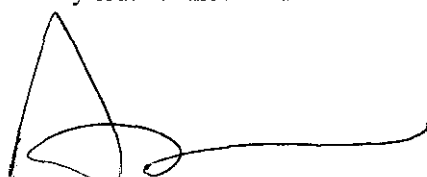
J H Dawson retires by rotation and being eligible, offers himself for re-election.

Directors' interests

The directors who held office at 31 March 2002 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.

Reading Bridge House
Reading Bridge
Reading
Berkshire
RG1 8PL

By order of the Board

A handwritten signature in black ink, appearing to read 'A M Dand', written over a horizontal line.

A M Dand
Secretary

5 June 2002

Statement of 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.

Independent auditors' report

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

We have audited the financial statements of exploration and Production Services (Holdings) Limited for the year ended 31 March 2002 which comprise the Profit and loss account, the Balance sheet, and the related notes numbered 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

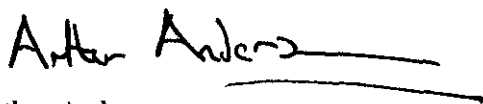
Basis of opinion

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 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 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 affairs of the company at 31 March 2002 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

5 June 2002

Profit and loss account

For the year ended 31 March 2002

	Notes	2002 £'000	2001 £'000
Dividends receivable		10,000	5,500
Profit on ordinary activities before interest and taxation		10,000	5,500
Net finance income (charges)	1	137	(457)
Profit on ordinary activities before and after taxation, being the profit for the financial year	2, 4	10,137	5,043
Dividends paid	5	(9,000)	(5,000)
Retained profit for the year	13	1,137	43

All activities are of a continuing nature.

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 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Investments	6	32,565	16,828
Investments in joint ventures	7	995	995
		<u>33,560</u>	<u>17,823</u>
Current assets			
Debtors	8	77,273	90,332
Cash		4,884	-
		<u>82,157</u>	<u>90,332</u>
Creditors: Amounts falling due within one year	9	(67,262)	(104,700)
Net current assets/(liabilities)		<u>14,895</u>	<u>(14,368)</u>
Total assets less current liabilities		<u>48,455</u>	<u>3,455</u>
Creditors: Amounts falling after more than one year	10	(41,789)	(23)
Net assets		<u>6,666</u>	<u>3,432</u>
Capital and reserves			
Called-up share capital	11	800	775
Share premium account	12	2,222	150
Capital redemption reserve	12	2,500	2,500
Profit and loss account	12	1,144	7
Total equity shareholders' funds	13	<u>6,666</u>	<u>3,432</u>

Signed on behalf of the Board



C P Ainger

Director

5 June 2002

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

Statement of accounting policies

For the year ended 31 March 2002

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

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The adoption of FRS18 'Accounting Policies' has not resulted in any changes to the company's accounting policies and the adoption of FRS19 'Deferred Tax' did not affect the company's net assets or result for the year.

b) Investments

Fixed asset investments are shown at cost less any amounts written off. Provision is made for any 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

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group companies.

Deferred taxation is accounted for in accordance with FRS19 'Deferred Tax' on a non-discounted basis. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 statement

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 2002

1. Net finance income (charges)

	2002 £'000	2001 £'000
Interest payable on bank loans and overdrafts	(1,763)	(2,600)
Interest payable on intragroup loans	-	(1,023)
Total interest payable	(1,763)	(3,623)
Interest income from intragroup loans	1,690	3,061
Foreign exchange gain foreign currency deposits less borrowings	210	105
Total investment income	1,900	3,166
	137	(457)

2. Profit on ordinary activities before taxation

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

3. 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.

4. Tax on profit on ordinary activities

No provision has been made in respect of corporation tax in the current year. The effective rate for the year of nil differs from the standard UK rate of 30% due to the availability of group relief from fellow subsidiaries (19.7%) and foreign tax credits on the dividend received from Expro Gulf Limited during the year (10.3%). There is no unprovided deferred tax (2001: Nil).

5. Dividends paid

	2002 £'000	2001 £'000
Interim dividend paid £11.25 (2001: £6.45) per share	9,000	5,000

Notes to the accounts (continued)

6. Investments

Investments in subsidiary undertakings	2002 £'000	2001 £'000
Cost at beginning of year	16,828	16,719
Additional investment in existing subsidiary undertakings	15,737	1
Acquisition of subsidiary undertakings	-	108
Cost at the end of year	32,565	16,828

During the year the company acquired an additional shareholding in Exploration and Production Services (North Sea) Limited for a total consideration of £15,737,000. 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 Ventures Limited	Scotland	100%	-
Travelrevise Services Limited	England	100%	-
Tronic Limited	England	-	100%
Tronic Inc.	USA	-	100%
Expro Group Canada Inc	Canada	-	100%
Expro Italia Srl	Italy	-	100%
Expro Group de Venezuela, C.A.	Venezuela	-	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%	-
P T Expro Indonesia	Indonesia	100%	-
Ecodrill Nigeria Limited	Nigeria	-	60%
Expro Swire Production Limited	British Virgin Islands	50%	-
Expro Swire Production Pte Limited	Singapore	50%	-

Notes to the accounts (continued)

6. Investments (continued)

Through the investments in Ecodrill Ventures Limited and Exploration and Production Services (North Sea) Limited the company has a 100% interest in Expro Americas Holdings Inc. The principal subsidiary undertakings which are held through Expro Americas Holdings Inc or subsidiary companies thereof are:

	Country of incorporation	Proportion of ordinary shares held by the	
		Partnership	Subsidiaries
Expro Americas Inc.	USA	100%	-
Tripoint Inc.	USA	-	100%
Kinley Corporation.	USA	-	100%
Surface Production Systems Inc.	USA	-	100%
Expro Production Wireline Inc.	USA	-	100%
Production Wireline Services Marine Inc.	USA	-	100%

Each of the above companies are involved in the provision of specialised exploration and production services to the international oil and gas industry, with the exception of Expro International Limited, Expro International B.V. Travelrevise Services Limited, Ecodrill Ventures Limited, Exploration and Production Services (North Sea) Limited and Expro Americas Holdings Inc. which are holding companies.

7. Investments in joint ventures

	2002 £'000	2001 £'000
Cost at beginning of year	995	-
Investment in joint venture undertakings	-	995
Cost at end of year	995	995

On 1 May 2000, as part of the acquisition of the Asia Pacific business of Production Testers International, the company acquired a 50% shareholding in a joint venture, Swire Production Testers Limited, a company incorporated in the British Virgin Islands, for a cash consideration of £995,000.

The company provides specialised exploration and production services to the international oil and gas industry.

8. Debtors

	2002 £'000	2001 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	76,916	90,078
UK Corporation tax	-	48
Other debtors	357	206
	77,273	90,332

Notes to the accounts (continued)

9. Creditors: amounts falling due within one year

	2002 £'000	2001 £'000
Bank loans and overdrafts (secured – see note 14)	-	38,059
Amounts owed to other group companies	67,201	66,615
Other creditors and accruals	61	26
	<u>67,262</u>	<u>104,700</u>

10. Creditors: amounts falling due after more than one year

	2002 £'000	2001 £'000
Bank loans and overdrafts (secured – see note 14)	41,789	23
	<u>41,789</u>	<u>23</u>

Borrowings due in more than one year are repayable as follows:

	2002 £'000	2001 £'000
Due in more than one but not more than two years	-	4
Due in more than two but not more than five years	18,297	19
Due in more than five years	23,492	-
	<u>41,789</u>	<u>23</u>

11. Share capital

	Authorised		Allotted, called up and fully paid	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
1,000,000 ordinary shares of £1 each (800,000 allotted, called up and fully paid)	1,000	1,000	800	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>800</u>	<u>775</u>

During the year 25,000 ordinary shares of £1 each were issued at an issue price of £83.88 per share.

Notes to the accounts (continued)

12. Reserves

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000
Balance at beginning of year	150	2,500	7
Share issue	2,072	-	-
Profit for the year	-	-	1,137
Balance at end of year	2,222	2,500	1,144

13. Reconciliation of movements in shareholders' funds

	2002 £'000	2001 £'000
Profit for the financial year	10,137	5,043
Dividends on equity shares	(9,000)	(5,000)
Retained profit for the year	1,137	43
New share capital subscribed	2,097	-
Net movement in shareholders' funds	3,234	43
Opening equity shareholders' funds	3,432	3,389
Closing equity shareholders' funds	6,666	3,432

14. 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 £2,132,000 (2001: £1,574,000) guaranteed by the company and other group undertakings.

15. 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.