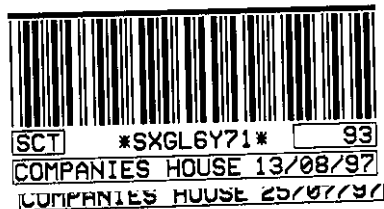


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 1996
FOR
PHOENIX COMPLETION SERVICES LIMITED**



PHOENIX COMPLETION SERVICES LIMITED

COMPANY INFORMATION
for the Year Ended 31 October 1996

DIRECTORS: Bruce Alexander Whyte
Linda Jean Whyte
Barry Jon Whyte
Anthony Bruce Whyte

SECRETARY: Peterkins

REGISTERED OFFICE: 100 Union Street
Aberdeen
AB9 1QQ

REGISTERED NUMBER: 80233 (Scotland)

ACCOUNTANTS: Acumen Accountants and Advisors Limited
Bon Accord House
Riverside Drive
ABERDEEN
AB11 7SL

PHOENIX COMPLETION SERVICES LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 October 1996

The directors present their report with the financial statements of the company for the year ended 31 October 1996.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of engineering consultants in the oil industry.

DIRECTORS

The directors during the year under review were:

Bruce Alexander Whyte
Linda Jean Whyte
Barry Jon Whyte
Anthony Bruce Whyte

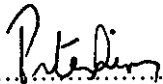
The beneficial interests of the directors holding office on 31 October 1996 in the issued share capital of the company were as follows:

	31.10.96	1.11.95
Ordinary 1 shares		
Bruce Alexander Whyte	8,780	8,780
Linda Jean Whyte	8,780	8,780
Barry Jon Whyte	1,220	1,220
Anthony Bruce Whyte	1,220	1,220

Phoenix Completion Services Limited wish to intimate the death of one of its directors, Barry Jon Whyte on 1 November 1996.

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

ON BEHALF OF THE BOARD:


.....
Peterkins - SECRETARY

Dated:

PHOENIX COMPLETION SERVICES LIMITED

REPORT OF THE ACCOUNTANTS TO THE SHAREHOLDERS ON THE UNAUDITED FINANCIAL STATEMENTS OF PHOENIX COMPLETION SERVICES LIMITED

We report on the financial statements for the year ended 31 October 1996 set out on pages four to ten.

Respective responsibilities of directors and reporting accountants

As described on page five the company's directors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).



Acumen Accountants and Advisors Limited
Bon Accord House
Riverside Drive
ABERDEEN
AB11 7SL

Dated:

PHOENIX COMPLETION SERVICES LIMITED**PROFIT AND LOSS ACCOUNT**
for the Year Ended 31 October 1996

		1996	1995
	Notes	£	£
TURNOVER	2	104,723	107,814
GROSS PROFIT		104,723	107,814
Administrative expenses		63,049	68,095
OPERATING PROFIT	4	41,674	39,719
Interest receivable and similar income	5	2,794	2,419
		44,468	42,138
Interest payable and similar charges	6	395	1,500
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		44,073	40,638
Tax on profit on ordinary activities	7	13,373	11,400
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		30,700	29,238
Dividends	8	28,880	26,527
		1,820	2,711
Retained profit brought forward		64,586	61,875
RETAINED PROFIT CARRIED FORWARD		<u>£66,406</u>	<u>£64,586</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

PHOENIX COMPLETION SERVICES LIMITED

BALANCE SHEET

31 October 1996

		1996		1995	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	9		37,172		30,623
CURRENT ASSETS:					
Debtors	10	22,810		25,587	
Cash at bank		64,508		52,329	
		<u>87,318</u>		<u>77,916</u>	
CREDITORS: Amounts falling due within one year	11	38,084		20,276	
NET CURRENT ASSETS:					
			49,234		57,640
TOTAL ASSETS LESS CURRENT LIABILITIES:					
			86,406		88,263
CREDITORS: Amounts falling due after more than one year	12		-		3,677
			<u>£86,406</u>		<u>£84,586</u>
CAPITAL AND RESERVES:					
Called up share capital	14		20,000		20,000
Profit and loss account			66,406		64,586
Shareholders' funds	15		£86,406		£84,586

The company is entitled to exemption from audit under Section 249A(2) of the Companies Act 1985 for the year ending 31 October 1996.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

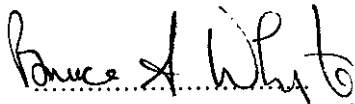
PHOENIX COMPLETION SERVICES LIMITED

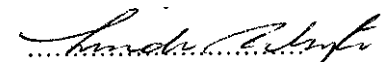
BALANCE SHEET

31 October 1996

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
Bruce Alexander Whyte - DIRECTOR


.....
Linda Jean Whyte - DIRECTOR

Approved by the Board on

The notes form part of these financial statements

PHOENIX COMPLETION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 October 1996

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold property	- 4% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

Staff costs include the following:

	1996	1995
	£	£
Pension costs (other than social security costs)	2,370	2,333

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	1996	1995
	£	£
Depreciation - owned assets	14,734	9,942
Profit on disposal of fixed assets	(1,984)	(2,430)
Accountants remuneration	1,500	1,500
Directors' emoluments	38,528	40,176

PHOENIX COMPLETION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 October 1996

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1996	1995
	£	£
Bank interest received	2,794	2,419

6. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes the following:

	1996	1995
	£	£
Hire purchase interest	395	1,486

7. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	1996	1995
	£	£
UK Corporation Tax	13,373	11,400

UK Corporation Tax has been charged at 24% (1995 - 24%).

8. DIVIDENDS

	1996	1995
	£	£
Equity shares: Interim Dividend	28,880	26,527

9. TANGIBLE FIXED ASSETS

	Leasehold property	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£	£
COST:					
At 1 November 1995	26,029	25,764	29,639	1,550	82,982
Additions	-	1,900	22,000	2,199	26,099
Disposals	-	-	(9,245)	-	(9,245)
At 31 October 1996	26,029	27,664	42,394	3,749	99,836
DEPRECIATION:					
At 1 November 1995	8,964	23,622	18,451	1,322	52,359
Charge for year	1,041	2,142	10,598	953	14,734
Eliminated on disposals	-	-	(4,429)	-	(4,429)
At 31 October 1996	10,005	25,764	24,620	2,275	62,664
NET BOOK VALUE:					
At 31 October 1996	16,024	1,900	17,774	1,474	37,172
At 31 October 1995	17,065	2,142	11,188	228	30,623

PHOENIX COMPLETION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 October 1996

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1996 £	1995 £
Trade debtors	7,990	23,735
Accrued income	7,600	-
Directors current accounts	-	1,852
ACT recoverable	7,220	-
	<u>22,810</u>	<u>25,587</u>

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1996 £	1995 £
Bank loans and overdrafts (see note 13)	8,046	3,531
Trade creditors	234	579
Directors current accounts	7,295	-
Hire purchase	-	3,255
Other creditors	692	508
V.A.T.	3,436	6,135
Social security & other taxes	3,508	-
Taxation	13,373	4,768
Accruals	1,500	1,500
	<u>38,084</u>	<u>20,276</u>

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1996 £	1995 £
Hire purchase	-	3,677
	<u>-</u>	<u>3,677</u>

13. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	1996 £	1995 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>8,046</u>	<u>3,531</u>

14. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	1996 £	1995 £
20,000	Ordinary	1	<u>20,000</u>	<u>20,000</u>

PHOENIX COMPLETION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 October 1996

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996	1995
	£	£
Profit for the financial year	30,700	29,238
Dividends	(28,880)	(26,527)
NET ADDITION TO SHAREHOLDERS' FUNDS	1,820	2,711
Opening shareholders' funds	84,586	81,875
CLOSING SHAREHOLDERS' FUNDS	86,406	84,586
Equity interests	86,406	84,586