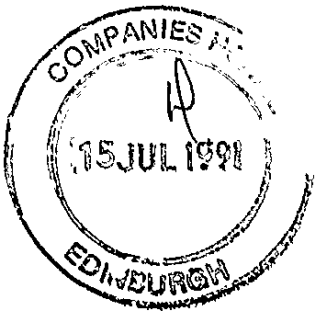
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WOOD GROUP PRODUCTION TECHNOLOGY LIMITED

Report and Financial Statements

31 December 1990



WOOD GROUP PRODUCTION TECHNOLOGY LIMITED

DIRECTORS' REPORT

The directors submit their report together with the audited financial statements of the Company for the year ended 31st December, 1990.

1. Directors

The names of the persons in office during the year or since the end of the year but prior to the date of this report together with the relevant date of appointment or resignation if this took place during the above period are as follows:

Name	Date of Resignation
P. Watkins	8 February 1991
M. S. Semple	
A. Dron	
T. Motherwell	
P. McKee	

2. Results and Dividends

The loss for the financial year amounted to £932,697.

3. Review of the Business Activity and Future Developments

The Company's principal activity during the year was the provision and service of downhole instrumentation for use in the oil industry.

The loss for the year was due to the slower than anticipated market penetration of the company's products.

It is envisaged that in the current year development costs will be reduced, and with new orders expected for the company's products a reduction in the loss is anticipated.

4. Fixed Assets

Details of changes in fixed assets during the period are set out at notes 7 and 8 to the financial statements.

COMPANIES HOUSE
15 JUL 1991
EDINBURGH

DIRECTORS REPORT (cont)

5. Directors Interests

The interests of directors other than those who are also directors of John Wood Group PLC in the shares of John Wood Group PLC, the ultimate holding company, and in the shares of the company, at 31st December, 1990 and at the end of the preceding period are set out as follows:

(a) In the shares of John Wood Group PLC

Name	At 31.12.89 Beneficial	At 31.12.90 Beneficial
P. Watkins	-	-
P. McKee	-	-
A. Dron	-	-

In addition to the above holdings the undermentioned options have been granted to the directors under the Parent Company Share Option Scheme:

Name	Ordinary Shares of £1 each At 31.12.89	At 31.12.90
P. Watkins	12,500	12,500
P. McKee	7,500	7,500
A. Dron	25,000	25,000

(b) In the shares of the Company

Name	At 31.12.89 Beneficial	At 31.12.90 Beneficial

None

6. Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand Deloitte, will be proposed at the Annual General Meeting.

By Order of the Board

Secretary

Aberdeen
24 April 1991

WOOD GROUP PRODUCTION TECHNOLOGY LIMITED

PROFIT AND LOSS ACCOUNT
for the year to 31 December 1990

	Note	1990 £	1989 £
Turnover	2	2,207,229	1,186,762
Cost of Sales		(2,551,632)	(1,423,281)
GROSS (LOSS)		(344,403)	(236,519)
Distribution Costs and Administrative Expenses	3	(737,824)	(642,479)
OPERATING (LOSS)	3	(1,082,227)	(878,998)
Interest payable	5	(237,000)	(110,280)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,319,227)	(989,278)
Tax relief on (loss) on ordinary activities		386,530	355,299
(LOSS) FOR THE FINANCIAL YEAR	14	(932,697)	(633,979)

WOOD GROUP PRODUCTION TECHNOLOGY LIMITED

BALANCE SHEET AT 31 DECEMBER 1990

	Note	1990 £	1989 £
Fixed Assets			
Intangible Assets	7	-	190,054
Tangible Assets	8	758,629	270,201
Total Fixed Assets		758,629	460,255
Current Assets			
Stocks and Work in progress	9	585,950	647,614
Deferred Taxation	10	59,450	-
Debtors	11	1,413,495	705,391
Cash at Bank and in hand		232	301
		2,059,127	1,353,306
Creditors: amounts falling due within one year	12	(4,693,472)	(2,756,580)
Net Current (Liabilities)		(2,634,345)	(1,403,274)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,875,716)	(943,019)
CAPITAL AND RESERVES			
Called up Share Capital	13	2	2
Profit and Loss Account	14	(1,875,718)	(943,021)
		(1,875,716)	(943,019)

The financial statements on pages 4 to 12 were approved by the board of directors on 24 April 1991 and were signed on its behalf by:

Director

Director

Notes to the Financial Statements for
for the year to 31 December 1990

1. ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Intangible Assets

Intangible assets are stated at cost.

Patents, licence and product rights are amortised at rates estimated to write off the relevant assets by equal annual instalments over their expected useful lives.

Costs incurred in the development of specific new products are accumulated up to the time of product launch and will be amortised over the expected market life of the product.

(c) Tangible Fixed Assets

Tangible fixed assets are stated at cost.

Depreciation is calculated by reference to cost at rates estimated to write off the relevant assets by equal annual instalments over their expected useful lives, which are

Plant and Equipment	2 - 5 years
Vehicles	4 years

(d) Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour plus attributable production overheads based on a normal level of activity. Net realisable value is based on estimated selling price less anticipated costs of disposal. Provision is made for all foreseeable losses and in the case of stocks due allowance is made for obsolete and slow moving items.

(e) Deferred Taxation

Provision is made on the liability method to recognise the deferment of taxation due to timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes, except to the extent that such tax is not expected to become payable or recoverable in the foreseeable future.

(f) Research and development expenditure

Research expenditure and development expenditure of a general nature are written off in the year incurred. Development expenditure on specific products is included in Intangible Assets (see (b) above).

1. ACCOUNTING POLICIES (cont)

(g) Pension Commitments

The Company's employees are eligible to be members of the John Wood Group PLC Retirement Benefits Scheme, which is a defined benefit scheme funded in accordance with actuarial advice.

The pension charge for the year was £6,703 (1989 £11,804), which was assessed in accordance with the advice of a professionally qualified actuary based on the most recent formal actuarial valuation as at 5 April 1988.

Further details are given in the Report and Financial Statements of John Wood Group PLC for the year ended 31 December 1990.

2. TURNOVER

Turnover represents amounts invoiced to third parties in respect of goods sold and services provided excluding value added tax.

An analysis of turnover by geographical market is given below:

	1990 £	1989 £
UK	1,218,311	1,114,188
Other Europe	511,227	13,224
North America	192,621	872
Rest of the World	285,070	58,478
TOTAL	2,207,229	1,186,762

3. OPERATING (LOSS)

Operating (loss) is stated after crediting:

(a)	Gain on sale of fixed assets	1,552	1,116

and after charging

(b)	Distribution costs	138,343	199,975
	Administrative expenses	599,481	442,504
	Distribution costs and administrative expenses	737,824	642,479
(c)	Depreciation	578,080	101,738
(d)	Auditors' remuneration	5,000	3,800

Notes to the Financial Statements for
for the year to 31 December 1990 (cont)

3. OPERATING (LOSS) (cont)

		1990 £	1989 £
(e)	Contract termination costs and redundancy	9,042	36,788
(f)	Hire and operating lease payments:		
	Plant and machinery	14,412	5,424
	Other	10,424	11,067
		24,836	16,491

4. DIRECTORS AND EMPLOYEES

	1990 No.	1989 No.
The average number of persons employed during the year was:		
Direct production workers	23	13
Management and staff (including directors)	12	25
Total	35	38

Total staff costs in respect of these persons amounted to:	£	£
Wages and salaries	720,193	530,875
Social security costs (State)	72,862	52,267
Other pension costs (non-State)	6,703	11,804
	799,758	594,946

Staff costs include amounts payable to directors as follows:		
Fees	-	-
Other emoluments	75,080	81,533
Compensation for loss of office	-	27,000
	75,080	108,533

Directors emoluments fall into the following scales	No.	No.
Nil - £5,000	5	5
£10,001 - £15,000	-	2
£20,001 - £25,000	-	1
£30,001 - £35,000	1	1
£40,001 - £45,000	1	-

4. DIRECTORS AND EMPLOYEES (cont)

Emoluments of the chairman, excluding pension contributions, amounted to £NIL (1989 £NIL) and of the highest paid director, excluding pension contributions, £40,032 (1989 £33,374).

5. INTEREST PAYABLE

	1990 £	1989 £
On bank overdrafts and short term loans	237,000	110,280

6. TAX RELIEF ON (LOSS) ON ORDINARY ACTIVITIES

Group relief compensation receivable at 35%	327,080	414,799
Deferred tax	59,450	(59,500)
	386,530	355,299

7. INTANGIBLE ASSETS

	Development expenditure on specific products	Patents and Licence Rights	Total
COST	£	£	£
At 31 December 1989 and 1990	181,800	36,145	217,945
AMORTISATION			
At 31 December 1989	-	27,891	27,891
Written off in year	181,800	8,254	190,054
At 31 December 1990	181,800	36,145	217,945
Net book value:			
At 31 December 1990	-	-	-
At 31 December 1989	181,800	8,254	190,054

8. TANGIBLE FIXED ASSETS

	Plant & Equipment
	£
COST	
At 31 December 1989	484,009
Additions	869,692
Inter Group transfers in	10,632
Disposals	(10,487)
At 31 December 1990	1,353,846
AGGREGATE DEPRECIATION	
At 31 December 1989	213,808
Charge for year	388,026
Inter Group transfers in	1,107
Disposals	(7,724)
At 31 December 1990	595,217
Net book value:	
At 31 December 1990	758,629
At 31 December 1989	270,201

9. STOCKS AND WORK IN PROGRESS

	1990 £	1989 £
Raw materials and consumables	295,506	433,469
Work in progress	290,444	214,145
Total stocks and work in progress	585,950	647,614

The replacement cost of stocks and work in progress does not materially differ from amounts stated on the historical cost basis.

10. DEFERRED TAXATION

Deferred taxation included in these financial statements comprises corporation tax accelerated by:

	1990 £	1989 £
Other timing differences	59,450	-

The movement in deferred tax provision comprises:

Balance at 31 December 1989	-	-
Credit for the year	59,450	-
Balance at 31 December 1990	59,450	-

11. DEBTORS

	1990 £	1989 £
Due within one year:		
Trade debtors	845,295	226,130
Amounts owed by fellow subsidiary companies	11,258	9,557
Group relief compensation receivable	346,949	414,799
Other debtors	104,026	53,441
Prepayments and accrued income	105,967	1,464
	1,413,495	705,391

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1990 £	1989 £
Bank overdraft	3,964,498	2,274,054
Trade creditors	323,526	197,597
Amounts due to ultimate holding and fellow subsidiary companies	264,301	153,744
Accruals and deferred income	141,147	131,185
	4,693,472	2,756,580

Notes to the Financial Statements for
for the year to 31 December 1990 (cont)

13. SHARE CAPITAL

	1990 £	1989 £
Authorised:		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted and called up:		
2 Ordinary shares of £1 each	2	2

14. PROFIT AND LOSS ACCOUNT

At 31 December 1989	(943,021)	(309,042)
(Loss) for year	(932,697)	(633,979)
At 31 December 1990	(1,875,718)	(943,021)

15. LEASING COMMITMENTS

	1990		1989	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Payments fall due in 1991 in respect of operating leases which expire:				
Within one year	-	3,736	-	784
Within two to five years	40,000	-	40,000	10,460
	40,000	3,736	40,000	11,244

16. CONTINGENT LIABILITIES

The company has a contingent liability arising from a guarantee without limit extended to the Group's principal bankers in respect of sums advanced to the company and to certain other members of the Group.

17. ULTIMATE HOLDING COMPANY

The directors report that John Wood Group PLC, incorporated in Scotland, is the company's ultimate holding company.

The ultimate holding company has confirmed that it will provide such support as will enable the company to continue to trade as a going concern, meeting its obligations and liabilities as they fall due, for the next twelve months in the absence of any event whereby the ultimate holding company/subsidiary relationship would cease to exist.