SAO SERVICES LTD.

DIRECTOR'S REPORTAND FINANCIAL STATEMENTS

YEAR TO 31 AUGUST 2002



Registered in Scotland - Number SC~~202082~~ 209 873

SAO SERVICES LTD.

COMPANY INFORMATION

DIRECTOR

Mr. S. Offler

SECRETARY

Mr. G. Menzies

ACCOUNTANTS

Menzies & Co.
Chartered Accountants
23A Windsor Street
EDINBURGH
EH7 5LA

BANKERS

Bank of Scotland
41 South Gyle Crescent
EDINBURGH
EH12 9XD

REGISTERED OFFICE

23A Windsor Street
EDINBURGH
EH7 5LA

SAO SERVICES LTD.

REPORT OF THE DIRECTOR

The director presents his report and the financial statements for the year to 31 August 2002.

Principal activities
The company's principal activities are the provision of marine, shipping & offshore consultancy services.

Directors
The director at 31 August 2002 and his interest in the share capital of the company was as follows:

	2002 No	2001 No
Mr. S. Offler	55	55

Director's responsibilities for the financial statements
Company law requires the director to prepare financial statements 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 financial statements, the director is 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

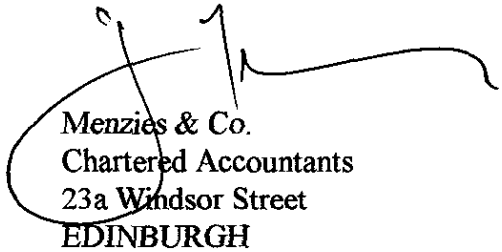
Small company rules
This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies. It was approved by the board on 19 June 2003 and signed on its behalf.

Mr. S. Offler
Director

SAO SERVICES LTD.

CHARTERED ACCOUNTANTS' REPORT TO THE DIRECTOR OF SAO SERVICES LTD.

As described on page 1 you are responsible for the preparation of the accounts and you consider that the company is exempt from an audit. In accordance with your instructions and in order to assist you to fulfil your responsibilities, we have prepared the accounts on pages 3 to 8 from the accounting records and from information and explanations supplied to us.



Menzies & Co.
Chartered Accountants
23a Windsor Street
EDINBURGH
EH7 5LA

19 June 2003

SAO SERVICES LTD.

PROFIT AND LOSS ACCOUNT
YEAR TO 31 AUGUST 2002

	Notes	2002 £	2001 £
Turnover	2	45,118	50,193
Cost of sales		4,509	7,964
Gross profit		40,609	42,229
Administrative expenses		18,771	13,107
Operating profit	3	21,838	29,122
Interest receivable		151	196
Profit on ordinary activities before taxation		21,989	29,318
Tax on profit on ordinary activities	4	2,600	5,343
Profit on ordinary activities after taxation		19,389	23,975
Dividends		14,000	10,500
Retained profit for the year		5,389	13,475
Retained profit brought forward		13,475	-
Retained profit carried forward		18,864	13,475

SAO SERVICES LTD.

BALANCE SHEET
AS AT 31 AUGUST 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	5	2,096	242
Current assets			
Debtors	6	10,244	-
Cash at bank and in hand		12,609	22,926
		22,853	22,926
Creditors: amounts falling due within one year	7	(5,985)	(9,593)
Net current assets		16,868	13,333
Total assets less current liabilities		18,964	13,575
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account		18,864	13,475
Shareholders' funds		18,964	13,575

SAO SERVICES LTD.

BALANCE SHEET - CONTINUED
AS AT 31 AUGUST 2002

The director:

1. confirms that for the year to 31 August 2002 the company was entitled to the exemption from the requirement to have an audit under section 249 A (1);

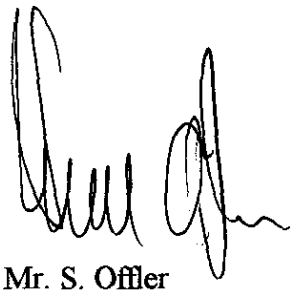
2. confirms that no notice requiring an audit had been deposited under section 249 B (2) in relation to the financial statements for the financial year; and

3. acknowledges his responsibility for:

   (a) ensuring that the company keeps accounting records which comply with section 221; and

   (b) preparing financial statements 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 its profit or loss for the 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 financial statements which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies were approved by the board on 19 June 2003 and signed on its behalf.



Mr. S. Offler
Director

SAO SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR TO 31 AUGUST 2002

1. ACCOUNTING POLICIES

Basis of preparation of financial statements
The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover
Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax.

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of all fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & equipment - 25% reducing balance basis

2. TURNOVER

All turnover is attributable to markets in the United Kingdom.

3. OPERATING PROFIT

This is stated after charging:	2002 £	2001 £
Depreciation on owned fixed assets	699	81
Director's remuneration	8,102	8,769

4. TAXATION

	2002 £	2001 £
U. K. Corporation tax	2,600	5,343

SAO SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR TO 31 AUGUST 2002

5. TANGIBLE FIXED ASSETS

	Plant & Machinery £
Cost	
At 31 August 2001	323
Additions	2,553
At 31 August 2002	2,876
Depreciation	
At 31 August 2001	81
Charge for the year	699
At 31 August 2002	780
Net book value	
At 31 August 2001	242
At 31 August 2002	2,096

6. DEBTORS

	2002 £	2001 £
Due within one year		
Trade debtors	10,244	-

7. CREDITORS - amounts falling due within one year

	2002 £	2001 £
Creditors & accruals	1,893	1,006
Corporation tax	2,982	5,343
Director's loan	899	3,019
Other taxes and social security	211	225
	5,985	9,593

SAO SERVICES LTD.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR TO 31 AUGUST 2002

8. CALLED UP SHARE CAPITAL

	2002	2001
	£	£
Authorised		
Ordinary shares of £1 each	100	100
Allotted, called up and unpaid		
Ordinary shares of £1 each	100	100