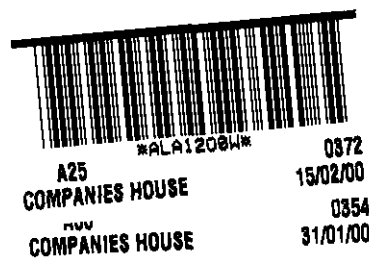


REDA INDUSTRIES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 December 1998



REGISTERED NUMBER: 1866033

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the accounts and auditors' report for the year ended 31 December 1998.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Until 31 December 1996 the company acted as a holding company to an 80% interest in PT Reda Pump Indonesia. On 1 January 1997 the trade, assets and liabilities of the company were transferred to Camco International (UK) Limited. Hence, the smallest group in which the results of the company are consolidated is now that headed by Camco International (UK) Limited.

RESULTS AND DIVIDENDS

	£
Retained loss at 31 December 1997	446,738
Loss for the financial year	<u>-</u>
Retained loss at 31 December 1998	<u>446,738</u>

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

HS Yates (resigned 1 November 1998)
RR Randall (resigned 1 November 1998)
BF Longaker (resigned 31 March 1999)
GA Smyth
DC Canavan
MA Roberts

The directors had no interests in the share capital of the company which require to be disclosed under Section 2 of Schedule 7 of the Companies Act 1985.

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 year. 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;
- 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 the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the accounts and auditors' report for the year ended 31 December 1998.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Until 31 December 1996 the company acted as a holding company to an 80% interest in PT Reda Pump Indonesia. On 1 January 1997 the trade, assets and liabilities of the company were transferred to Camco International (UK) Limited. Hence, the smallest group in which the results of the company are consolidated is now that headed by Camco International (UK) Limited.

The company is a non trading company.

RESULTS AND DIVIDENDS

	£
Retained loss at 31 December 1997	446,738
Loss for the financial year	<u>-</u>
Retained loss at 31 December 1998	<u>446,738</u>

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

HS Yates (resigned 1 November 1998)
RR Randall (resigned 1 November 1998)
BF Longaker (resigned 31 March 1999)
GA Smyth
DC Canavan
MA Roberts

The directors had no interests in the share capital of the company which require to be disclosed under Section 2 of Schedule 7 of the Companies Act 1985.

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 year. 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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

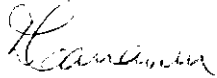
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (CONTINUED)

AUDITORS

In accordance with Section 386 of the Companies Act 1985, the company has dispensed with the obligation to appoint auditors annually.

By Order of the Board



DC Canavan
Director

Date: 27 Jan 2000

AUDITORS' REPORT TO THE SHAREHOLDERS OF REDA INDUSTRIES LIMITED

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention, and in accordance with the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

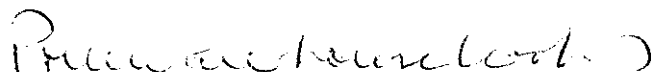
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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.

We draw attention to the fact that the company has negative net assets at 31 December 1998. In preparing the financial statements on a going concern basis, the directors have relied upon the continuing financial support described in Note 8. Our opinion is not qualified in this respect.

Opinion

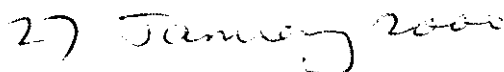
In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
and Registered Auditors

Belfast

Date

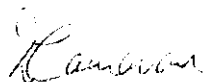


BALANCE SHEET – 31 DECEMBER 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
CREDITORS: amounts falling due after more than one year		£	£
Creditors	3	(329,738)	(329,738)
NET LIABILITIES		<u>(329,738)</u>	<u>(329,738)</u>
 CAPITAL AND RESERVES			
Called up equity share capital	4	40,000	40,000
Share premium		77,000	77,000
Profit and loss account	5	(446,738)	(446,738)
TOTAL SHAREHOLDERS' FUNDS		<u>(329,738)</u>	<u>(329,738)</u>

Approved by the Board on

DIRECTOR:



DC Canavan

The notes on pages 5 to 7 form part of these accounts.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998

1 ACCOUNTING POLICIES

Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year are:

(a) Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. Reliance is placed on the continuing financial support described in Note 8 in preparing the accounts on a going concern basis.

(b) Cash flow

The company is exempt from producing a cash flow as the results of this company are consolidated within the results of Schlumberger Limited whose accounts are publicly available.

2 FIXED ASSET INVESTMENTS

Principal group investments

This investment was transferred to Camco International (UK) Limited on 1 January 1997 as part of the agreement described on page 1.

	<u>1998</u>	<u>1997</u>
<u>Cost</u>	£	£
Beginning of year	-	578,738
Transferred to group undertaking	-	(578,738)
End of year	-	-
<u>Amounts written off</u>		
Beginning of year	-	578,738
Transferred to group undertaking	-	(578,738)
End of year	-	-
<u>Net book value</u>		
Beginning of year	-	-
End of year	-	-

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (CONTINUED)

3 CREDITORS: amounts falling due after more than one year

	<u>1998</u>	<u>1997</u>
	£	£
Amounts owed to group undertaking	<u>329,738</u>	<u>329,738</u>

4 CALLED UP SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
	£	£
Authorised, allotted, called up and fully paid		
15,000 'A' preference shares of £1 each	15,000	15,000
15,000 'B' preference shares of £1 each	15,000	15,000
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	<u>40,000</u>	<u>40,000</u>

5 RESERVES

The movement on the profit and loss account is as follows:

	Company <u>1998</u>
	£
Beginning of year	(446,738)
Retained loss for year	<u>-</u>
End of year	<u>(446,738)</u>

6 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

At the beginning and end of the year, there were no capital commitments or other guarantees.

7 ULTIMATE HOLDING COMPANY

The ultimate parent undertaking at the balance sheet date was Schlumberger Limited, a company incorporated in the Netherlands Antilles.

The largest group in which the results of Reda Industries Limited are consolidated is that headed by Schlumberger Limited.

The smallest group in which the results of Reda Industries Limited are consolidated is that headed by Camco International UK Limited, which is registered in Northern Ireland.

8 CONTINUING FINANCIAL SUPPORT

The company has received a letter from Schlumberger Limited indicating that it will continue to provide financial support to the company until such time as it ceases to have negative net assets or ceases to be a subsidiary undertaking of Schlumberger Limited

NOTES TO THE ACCOUNTS - 31 DECEMBER 1998 (CONTINUED)

9 RELATED PARTY DISCLOSURES

The company as a wholly owned subsidiary, has taken advantage of exemptions granted under Financial Reporting Standard Number 8 – Related Party Disclosures to not disclose details of transactions with other members of the group headed by Camco International UK Limited.