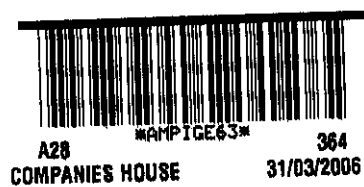


**Intec Engineering (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 2667945**

**31 December 2004**





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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004

### Principal activities

The principal activity of the company during the year was that of consultant engineers in the oil, gas and water industries.

### Business review and future developments

In 2004 Intec engineering (UK) Limited consolidated its presence as one of the main choices of consultant engineers for EAME related clients. This was confirmed by the continuing work for the prestigious Medgaz front end engineering project, a gas pipeline from Algeria to Europe (via Spain).

We also successfully continue our relationship with long standing clients such as BG Group (via Burullus).

The London Office is established on a Business Unit basis, with the major revenue contributors being the Engineering Projects Business Unit (ENBU) and the Hardware Business Unit (HBU). The ENBU performs core INTEC activity in provision of consultant technical advice and engineering design to Oil & Gas Industry clients. HBU undertakes the design and the management of the procurement and installation of diverless subsea connectors, primarily for the Northern Business Unit of BP.

As part of a strategy to keep the focus and efforts of our actions to our core business and values, INTEC has been seeking to sell its HBU business unit. On the 1<sup>st</sup> August 2005 a management buy out agreement was reached with Peter Roberts (previous managing director of INTEC Engineering (UK) Limited) for the sale of INTEC's HBU unit. On the 1<sup>st</sup> of July 2005 Peter Roberts resigned as Managing director and Company Secretary. Graham Taylor (former Engineering Manager) was appointed Managing Director and Company secretary of INTEC Engineering (UK) Limited. Marc Rieke was also appointed director of Intec Engineering Limited on 1<sup>st</sup> July 2005.

The 2004 disappointing results is a direct result of unusual reduced orders from BP for the West of Shetlands. In 2005 the expectation is that the level of orders will come back to the previous 2002/2003 levels. The coming year will feature further consolidation of our reputation in the market and acquisition of technically challenging projects establishing our aim to provide solutions to our clients.

### Proposed dividend

The directors do not recommend the payment of a dividend (2003 £nil).

### Directors

The directors who served during the year were:

PM Roberts – resigned 1<sup>st</sup> July 2005  
J B Reed

On 1<sup>st</sup> July 2005 G Taylor and M Rieke were appointed directors.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. According to the registrar of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

G Taylor  
Secretary

21/03/06.

## **Statement of directors' responsibilities**

Company law requires the directors 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 for that period. In preparing those financial statements, 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 financial statements;
- prepare the financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

Arlington Business Park  
Theale  
Reading RG7 4SD  
United Kingdom

### **Report of the independent auditors to the members of Intec Engineering (UK) Limited**

We have audited the financial statements on pages 4 to 14.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

#### **Basis of audit 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.

#### **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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP 27/3/06

*Chartered Accountants  
Registered Auditor*

**Profit and loss account**  
*for the year ended 31 December 2004*

	<i>Note</i>	<b>2004</b> £	<b>2003</b> £
<b>Turnover</b>	2	7,693,866	9,384,597
<b>Cost of sales</b>		(5,415,430)	(6,201,449)
<b>Gross profit</b>		2,278,436	3,183,148
Administrative expenses		(4,165,023)	(3,060,059)
<b>Operating (loss)/profit</b>		(1,886,587)	123,089
Interest receivable and similar income	6	75,971	139,084
Interest payable and similar charges	7	(187,652)	(212,848)
<b>(Loss)/profit on ordinary activities before taxation</b>	3-5	(1,998,268)	49,325
Tax on (loss)/profit on ordinary activities	8	(150,944)	(6,021)
<b>Retained (loss)/profit for the year</b>		(2,149,212)	43,304
Retained loss brought forward		(118,661)	(161,965)
<b>Retained loss carried forward</b>		(2,267,873)	(118,661)

There are no recognised gains or losses other than the results for the current and prior financial year.

All figures relate to continuing operations.



**Balance sheet**  
*at 31 December 2004*

	Notes	2004 £	2004 £	2003 £	2003 £
<b>Fixed assets</b>					
Intangible assets	9		-		749,320
Tangible assets	10		94,997		202,614
Investments	11		32,396		32,396
			<hr/>		<hr/>
			127,393		984,330
<b>Current assets</b>					
Stock	12	35,300		35,300	
Debtors	13	2,699,319		3,170,852	
Cash at bank and in hand		1,195		172,794	
		<hr/>		<hr/>	
		2,735,814		3,378,946	
<b>Creditors: amounts falling due within one year</b>	14	(4,106,686)		(3,455,789)	
		<hr/>		<hr/>	
<b>Net current liabilities</b>			(1,370,872)		(76,843)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			(1,243,479)		907,487
<b>Creditors: amounts falling due after more than one year</b>	15		(331,394)		(333,148)
			<hr/>		<hr/>
<b>Net (liabilities)/assets</b>			(1,574,873)		574,339
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	16		693,000		693,000
Profit and loss account - deficit	17		(2,267,873)		(118,661)
			<hr/>		<hr/>
<b>Equity shareholders' (deficit)/funds</b>			(1,574,873)		574,339
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 21st March 2006 and were signed on its behalf by:



**G Taylor**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements have been prepared on the going concern basis, notwithstanding the loss for the year of £2,149,212, net current liabilities of £1,370,872 and net liabilities of £1,574,873, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on Intec Engineering Group BV its immediate holding company and Heerema Engineering and Project Management Services Denmark Aps its ultimate holding company. The company has received an undertaking from Intec Engineering Group BV that, for at least 12 months from the date of approval of these financial statements Intec Engineering Group BV will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available amounting to £1,644,522 as at 31 December 2004. This should enable the company to continue to trade for the foreseeable future by meeting its liabilities as and when they become due. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, the directors have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if such funds were not available.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Intec Engineering Group BV, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Intec Engineering Group BV, within which this company is included, can be obtained from the address given in note 20.

#### *Goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Purchased goodwill is amortised to nil by equal annual instalments over its estimated useful life.

#### *Intangible fixed assets and amortisation*

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably. Intangible assets are amortised to nil by equal annual instalments over their estimated useful lives.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	-	3 years
Fixtures and fittings	-	10 years

#### *Investments*

Investments are stated at cost less any provisions for impairment.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

#### *Long term contracts*

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

#### *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Turnover*

Sales comprise the net value of work completed, services rendered or deliveries made during the year. Turnover is recognised when title passes or in accordance with work performed and the invoiced value of sales under the terms of the contract.

#### *Foreign Exchange*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Research and development expenditure*

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

#### *Post-retirement benefits*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**Notes (continued)**

**2 Turnover**

	2004 £	2003 £
<i>By geographical market</i>		
Europe	4,133,703	6,011,361
Africa	3,460,840	3,210,334
Asia	13,940	147,236
Other	85,383	15,666
	<hr/>	<hr/>
	7,693,866	9,384,597
	<hr/>	<hr/>

The directors consider that all turnover is attributable to a single business class.

**3 (Loss)/profit on ordinary activities before taxation**

	2004 £	2003 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	17,550	16,000
Depreciation of tangible fixed assets – owned	140,473	120,659
Amortisation of intangible fixed assets	93,665	93,665
Impairment of intangible fixed assets	655,655	-
Gain on foreign exchange	75,948	133,899
Hire of other assets - operating leases	331,148	295,000
Research and development expenditure	14,779	40,605
	<hr/>	<hr/>

**4 Remuneration of directors**

	2004 £	2003 £
Directors' emoluments	123,569	149,547
Company contributions to money purchase pension schemes	28,797	27,555
	<hr/>	<hr/>
	152,366	177,102
	<hr/>	<hr/>

Retirement benefits are accruing to one director (2003: one) under money purchase schemes.

**Notes** *(continued)*

**5 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	<b>Number of employees</b>	
	<b>2004</b>	<b>2003</b>
Engineering	41	40
Administration	9	9
	<hr/>	<hr/>
	50	49
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,803,966	2,458,464
Social security costs	326,758	281,413
Other pension costs	108,610	109,486
	<hr/>	<hr/>
	3,239,334	2,849,363
	<hr/>	<hr/>

**6 Interest receivable and similar income**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	23	5,185
Foreign exchange gains	75,948	133,899
	<hr/>	<hr/>
	75,971	139,084
	<hr/>	<hr/>

**7 Interest payable and similar charges**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
On bank overdraft	3,225	3,039
Payable to group undertakings	184,427	209,809
	<hr/>	<hr/>
	187,652	212,848
	<hr/>	<hr/>

## Notes (continued)

### 8 Taxation

#### Analysis of charge in period

	2004 £	2003 £
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	3,022	-
<i>Foreign withholding tax</i>	147,922	-
Total current tax	150,944	-
Deferred tax	-	6,021
Tax on (loss)/profit on ordinary activities	150,944	6,021

#### Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2003: lower) than the standard rate of corporation tax in the UK (30%, 2003: 30%). The differences are explained below.

	2004 £	2003 £
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(1,998,268)	49,325
Current tax at 30% (2003: 30 %)	(599,480)	14,797
<i>Effects of:</i>		
Expenses not deductible for tax purposes	235,975	22,344
Depreciation for period in excess of capital allowances	42,142	827
Utilisation of losses	-	(37,968)
Addition to losses carried forward	321,363	-
Adjustments to tax charge in respect of previous periods	3,022	-
Foreign withholding tax suffered	147,922	-
Total current tax charge (see above)	150,944	-

No tax charge arises on the results for the year due to the availability of corporation tax losses.

As at 31 December 2004 there was a deferred tax asset made up of losses carried forward of £322,000 and accelerated capital allowances of £88,000. In accordance with FRS 19 deferred tax assets can only be recognised on the basis that the recoverability of the deferred tax asset is more probable than not. The directors do not believe that to be prudent at this time.



**Notes (continued)**

**9 Intangible fixed assets**

	Intellectual property rights £	Goodwill £	Total £
<i>Cost</i>			
At beginning and end of year	340,000	596,650	936,650
<i>Amortisation</i>			
At beginning of year	68,000	119,330	187,330
Charged in year	272,000	477,320	749,320
At end of year	340,000	596,650	936,650
<i>Net book value</i>			
At 31 December 2004	-	-	-
At 31 December 2003	272,000	477,320	749,320

Goodwill and intellectual property rights are amortised over 10 years.

**10 Tangible fixed assets**

	Computer equipment £	Fixtures and Fittings £	Total £
<i>Cost</i>			
At beginning of year	392,286	25,045	417,331
Additions	32,856	-	32,856
At end of year	425,142	25,045	450,187
<i>Depreciation</i>			
At beginning of year	211,572	3,145	214,717
Charge for year	137,969	2,504	140,473
At end of year	349,541	5,649	355,190
<i>Net book value</i>			
At 31 December 2004	75,601	19,396	94,997
At 31 December 2003	180,714	21,900	202,614

**11 Fixed asset investments**

This represents a 5% holding in Heerema Group Services EESV, a European Economic Interest Grouping registered in the Netherlands.



**Notes (continued)**

**12 Stocks**

	2004 £	2003 £
Raw materials and consumables	35,300	35,300

**13 Debtors**

	2004 £	2003 £
Trade debtors	1,209,453	1,596,865
Amounts recoverable on contracts	742,667	1,206,516
Amounts owed by group undertakings	612,185	224,450
Other debtors	-	2,278
Prepayments and accrued income	135,014	140,743
	<u>2,699,319</u>	<u>3,170,852</u>

All debtors are due within one year.

**14 Creditors: amount due within one year**

	2004 £	2003 £
Bank overdraft	166,234	77,676
Trade creditors	1,085,866	1,076,027
Amounts owed to group undertakings	894,506	479,287
Loans from group undertakings	1,644,522	1,603,089
Taxation and social security	87,227	126,958
Accruals and deferred income	228,331	92,752
	<u>4,106,686</u>	<u>3,455,789</u>

Interest on loans from the group undertaking of £1,644,522 is payable at 8% per annum and is payable on demand.

**15 Creditors: amounts falling due after more than one year**

	2004 £	2003 £
Amounts owed to group undertakings	331,394	333,148

This represents a loan advanced by group undertakings. The loan bears interest of LIBOR +1% and is repayable on 28 May 2022.

## Notes (continued)

### 16 Share Capital

	2004 £	2003 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	693,000	693,000
<i>Allotted, called up and fully paid</i>		
1,000 Ordinary shares of £1 each	693,000	693,000

### 17 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
(Loss)/profit for the year	(2,149,212)	43,304
Net (decrease)/ increase in shareholders' funds	(2,149,212)	43,304
Opening shareholders' funds	574,339	531,035
Closing shareholders' (deficit)/funds	(1,574,873)	574,339

### 18 Commitments

- a) There are no capital commitments at the end of the financial year for which no provision has been made (2003: £nil).
- b) Annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
In the second to fifth years inclusive	322,818	4,165	322,818	8,332
Over five years	169,457	-	169,457	-
	492,275	4,165	492,275	8,332

## Notes (continued)

### 19 Post balance sheet event

On 1<sup>st</sup> August 2005 the company sold its HBU unit involving the sale of various assets which principally included goodwill and intellectual property rights

### 20 Ultimate parent company

The company is a subsidiary undertaking of Intec Engineering Group BV, a company incorporated in the Netherlands.

The largest group in which the results of the Company are consolidated is that headed by Heerema Engineering and Project Management Services Denmark Aps. The consolidated accounts of this company are available from Holbergsgade 14, 1057 Copenhagen, Denmark. The smallest group in which they are consolidated is that headed by Intec Engineering Group BV, a company registered and incorporated in the Netherlands. The consolidated accounts of this company can be obtained from Poortweg 14, 2612 PA Delft, Netherlands.