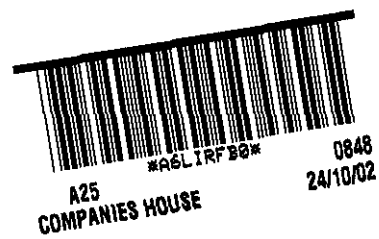


Intec Engineering (UK) Limited

**Directors' report and financial
statements**

Registered number 2667945

31 December 2001



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities

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

Post balance sheet event

On 17 January 2002, Intec Engineering (UK) Limited completed its acquisition of the assets of Fuel Subsea Engineering, previously a division of Smit Land and Marine Engineering, Limited, effective as of 1 January 2002. To fund this transaction, the Company received funding from Heerema prior to 31 December 2001. Fuel Subsea Engineering is based in England and is a developer and provider of diverless subsea connection systems and general subsea engineering consultancy.

Directors

The directors who served during the year were:

J Gillespie (resigned 30 November 2001)

PM Roberts (appointed 1 December 2001)

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


PM Roberts
Secretary

18/10 / 2002

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.



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 10.

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditors

KPMG LLP

21st October 2002

Profit and loss account
for the year then ended 31 December 2001

	<i>Note</i>	2001 £	2000 £
Turnover		452,487	-
Cost of sales		(266,677)	-
		<hr/>	<hr/>
Gross profit		185,810	-
Administrative expenses		(60,690)	(1,496)
Other operating charges		(7,960)	-
		<hr/>	<hr/>
Operating profit	2	117,160	(1,496)
Other interest receivable and similar income		182	525
Interest payable and similar charges	5	(2,009)	(293)
		<hr/>	<hr/>
Profit/ (loss) on ordinary activities before taxation		115,333	(1,264)
Tax on profit on ordinary activities	6	(34,690)	-
		<hr/>	<hr/>
Retained profit/ (loss) for the year		80,643	(1,264)
Retained profit brought forward		4,644	5,908
		<hr/>	<hr/>
Retained profit carried forward		85,287	4,644
		<hr/>	<hr/>

Balance sheet
at 31 December 2001

	<i>Note</i>	2001 £	2000 £
Current assets			
Cash at bank and in hand		1,442,229	6,466
Debtors	7	199,411	-
		<hr/>	<hr/>
Current assets		1,641,640	6,466
Creditors: amounts falling due within one year			
	8	(1,555,353)	(822)
		<hr/>	<hr/>
Net current assets		86,287	5,644
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	1,000	1,000
Profit and loss account		85,287	4,644
		<hr/>	<hr/>
Shareholders' funds		86,287	5,644
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 13/12/02 and were signed on its behalf by:



PM Roberts
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and preceding year, is set out below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules on the basis of the company continuing as a going concern through the continued support of the holding company.

Under FRS 1 (Revised) the company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the cashflows of the company in its own consolidated financial statements.

Related party transactions

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose related party transactions with members of the same group on the grounds that 90% or more of the voting rights are controlled within the group.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

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 denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

Notes (continued)

2 Profit/loss on ordinary activities before taxation

	2001 £	2000 £
<i>Profit/loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	5,000	587
Foreign currency exchange gain/(loss)	300	(599)
	<hr/>	<hr/>

3 Remuneration of directors

	2001 £	2000 £
Directors' emoluments	20,472	-
	<hr/>	<hr/>
	20,472	-
	<hr/>	<hr/>

4 Staff numbers and costs

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

	Number of employees	
	2001	2000
Engineering	1	-
Administration	3	2
	<hr/>	<hr/>
	4	2
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2001 £	2000 £
Wages and salaries	219,356	-
Social security costs	24,912	-
	<hr/>	<hr/>
	244,268	-
	<hr/>	<hr/>

Notes (continued)

5 Interest payable and similar charges

	2001 £	2000 £
On bank overdraft	2,009	293

6 Taxation

The tax charge is based on the profit for the year and comprises:

	2001 £	2000 £
Corporation tax at 30% (2000:30%)	34,690	-

7 Debtors

	2001 £	2000 £
Amounts owed by group undertakings	193,342	-
Other debtors	3,777	-
Prepayments and accrued income	2,292	-
	199,411	-

Notes (continued)

8 Creditors: amount due within one year

	2001 £	2000 £
Trade creditors	14,080	822
Amounts owed to group undertakings	1,425,687	-
Taxation and social security	52,354	-
Accruals and deferred income	63,232	-
	<u>1,555,353</u>	<u>822</u>

9 Share Capital

	2001 £	2000 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

On 24 May 2002 the authorised share capital of the company was increased to 693,000 ordinary shares of £1 each. On 28 May 2002 the company issued 692,000 ordinary shares of £1 each to Intec Engineering Holding B.V. for cash.

10 Post balance sheet events

At the 31 December 2001 the loan between Intec Engineering (UK) Ltd and Heerema Engineering and Project Services Denmark APS was to be repaid in full on or before 31 May 2002. On 14 June 2002 the loan agreement was revised. The loan is now repayable in full no later than 28 May 2022. Heerema Engineering and Project Services Denmark Aps's rights under the loan agreement were transferred to Intec Engineering Holding B.V. by an assignment dated 28 May 2002.

Notes *(continued)*

11 Ultimate parent company

The company is a subsidiary undertaking of Heerema Engineering and Project Management Services Denmark ApS, a company incorporated in Denmark.

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 smallest group in which they are consolidated is that headed by Intec Engineering AG, a company registered and incorporated in Switzerland, which is presented in combined financial statements with Intec Engineering Partnership, Ltd, a company registered and incorporated in the United States of America.