

## Report of the Directors

The Directors present their report, together with the audited financial statements for the year ended 31 December 2001.

### ACTIVITIES

The Company is an industrial holding company, whose subsidiaries were involved during the year in Oil and Defence. Following the disposal of the Group's Defence interests in 2001 the Group has become a focused international oil services Company. The Group's activities and prospects are reviewed in the Chairman's Statement, the Chief Executive's Review and the Finance Director's Review on pages 2 to 14. Details of the Company's principal subsidiary and associated undertakings are set out on pages 53 and 54.

### RESULTS

The results of the Group are set out in the Consolidated Profit and Loss Account on page 31.

### DIVIDENDS

On 5 December 2001, a special interim dividend of 10.0p per Ordinary share together with an interim dividend of 2.0p per Ordinary share were paid (2000 – 3.0p). The Directors recommend a final Ordinary dividend of 4.0p per share (2000 – 6.25p) payable on 3 July 2002 to shareholders on the register at 2 April 2002. This, together with the special and interim dividends referred to above, makes a total dividend per Ordinary share for the year of 16.0p (2000 – 9.25p).

### DIRECTORS

Brief biographies of the Directors are shown on page 16.

In accordance with the Articles of Association, R. H. Hunting and A. R. Fryer retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

R. H. Hunting was last re-elected to the Board in May 2001 and A. R. Fryer in April 1999. R. H. Hunting was elected an executive Director on the formation of Hunting PLC in 1989 and has been Chairman of the Board since 1991. A. R. Fryer, a non-executive Director, is chairman of the Remuneration Committee, a member of the Audit and Nominations Committees and is the senior independent Director.

K. W. Miller and R. J. Whysall retired from the Board on 31 July 2001 and 30 April 2001 respectively.

Sir Patrick Brown, a non-executive Director, retired on 30 April 2001 and G. A. Helland was appointed a non-executive Director on 1 October 2001.

G. A. Helland having been appointed since the last Annual General Meeting retires from the Board and offers himself for re-election. He was appointed to the Board for a three year period.

No Director during the year had a material interest in any contract of significance to which either the Company or any of its subsidiaries were a party. Directors' interests in shares of the Company are shown on pages 18, 23 and 24. As at 31 December 2001, no Director of the Company had any beneficial interest in the shares of its subsidiary companies.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains insurance against certain liabilities which could arise from a negligent act or a breach of duty by its Directors and officers in the discharge of their duties.

## Report of the Directors

continued

### DIRECTORS' INTERESTS

The interests of Directors in the issued Ordinary shares and Convertible Preference shares of the Company, as required to be notified by each director pursuant to Section 324 of the Companies Act 1985, were as follows:

	31 December 2001		31 December 2000	
	Ordinary shares of 25p	Convertible Preference shares of £1	Ordinary shares of 25p	Convertible Preference shares of £1
<b>Executive directors:</b>				
<b>R. H. Hunting</b>	<b>706,268</b>	<b>174,333</b>	706,268	174,333
<b>other beneficial*</b>	<b>1,561,397</b>	<b>262,414</b>	1,561,397	262,414
<b>as trustee</b>	<b>52,694</b>	<b>15,000</b>	52,694	15,000
<b>D. L. Proctor</b>	<b>15,000</b>	—	—	—
<b>D. L. Clark</b>	<b>46,964</b>	—	14,464	—
<b>T. W. Gomke</b>	<b>26,350</b>	—	3,000	—
<b>Non-executive directors:</b>				
<b>A. R. Fryer</b>	<b>6,034</b>	—	6,034	—
<b>G. A. Helland</b>	<b>2,000</b>	—	2,000†	—†
<b>I. S. Paterson</b>	<b>2,000</b>	—	—	—

Notes:

†At date of appointment.

\*These interests arise because in certain circumstances R. H. Hunting could become beneficially interested in such shares. Of those shares, he holds 1,431,285 Ordinary shares and 262,414 Convertible Preference shares as trustee.

Directors' outstanding options to acquire Ordinary shares are shown on pages 23 and 24.

There were no changes in the interests of the Directors in the issued shares of the Company between 31 December 2001 and 5 March 2002.

The market price of the Ordinary shares at 31 December 2001 was 176.5p. The highest and lowest mid market prices during the year were 275.0p and 142.5p respectively.

### PRINCIPAL ACQUISITIONS AND DISPOSALS

On 9 March 2001, the Group disposed of the businesses and assets of Hunting Contract Services and Hunting Technical Support and the share capital of Acetech Personnel Limited and Hiberna FM Limited for £62.2m.

On 9 March 2001, the Group sold its 50% interest in ECHO Pipeline Company Ltd for £4.1m.

On 15 March 2001, the Group acquired the assets and business of G. N. Transportation Services Canada Ltd for £2.0m.

On 19 March 2001, the Group acquired substantially all the operating assets of Vinson Supply Company, Composite Thread Protectors Inc. and Vinson Supply (UK) Limited for £37.5m.

On 7 June 2001, the Group sold the share capital of Irvin Aerospace Limited, Irvin Aerospace Inc. and Irvin Aerospace Canada Ltd for £13.0m.

On 13 July 2001, the Group acquired the share capital of Performance Drilling Wyoming Inc. and Performance Boring Technologies Inc. for £3.0m.

On 20 August 2001, the Group sold its 50% interest in Reed Aviation Limited for £3.1m.

On 1 October 2001, the Group acquired the assets and related propane distribution business of Columbia Fuels Inc. for £2.7m.

On 12 October 2001, the Group sold the share capital of Hunting Engineering Limited for £41.0m.

On 1 November 2001, Thread Tech Energy Systems Ltd was acquired for £6.7m.

Subsequent to the year-end on 2 January 2002, the Group acquired the share capital of Moose Jaw Asphalt Inc. for £14.4m.

## Report of the Directors

continued

### SUBSTANTIAL INTERESTS

As at 5 March 2002, substantial interests in the Ordinary shares of the Company, other than Directors' interests, notified to the Company in accordance with Sections 198 to 208 of the Companies Act 1985, were as follows:

	Notes	Number of Ordinary shares	Percentage of issued Ordinary shares
<b>The Capital Group Companies, Inc.</b>	(i)	13,842,839	13.73
<b>Hunting Investments Limited</b>	(ii)	10,884,743	10.80
<b>FMR Corp. and Fidelity International Ltd</b>	(iii)	9,645,340	9.57
<b>Prudential PLC</b>	(iv)	8,215,600	8.15
<b>Slaley Investments Limited</b>		6,411,679	6.36
<b>F. Godson – as trustee</b>	(v)	6,344,097	6.29
<b>D. R. L. Hunting</b>		149,316	
– other beneficial	(vi)	2,484,583	
– as trustee	(v)	3,286,422	5.87
<b>J. A. Trafford – as trustee</b>	(v)	4,894,909	4.86
<b>Merrill Lynch Investment Managers</b>		4,785,000	4.75
<b>Gartmore Investment Management Ltd</b>		4,684,151	4.65

Notes:

- (i) The interest is held by affiliates.
- (ii) Included in the holding are 9,437,743 Ordinary shares held by a wholly owned subsidiary.
- (iii) The interest is held by direct and indirect subsidiaries.
- (iv) The interest is held by certain of its subsidiaries.
- (v) After elimination of duplicated holdings, the total Hunting family trustee interests shown above amount to 6,474,395 Ordinary shares.
- (vi) These interests arise because D. R. L. Hunting and his minor children are or could become beneficiaries under the relevant family trusts of which D. R. L. Hunting is a trustee.

### SHARE OPTION SCHEMES

On 5 March 2001, shareholders approved at an Extraordinary General Meeting the 2001 Share Option Plans. Participation in these Plans is open to full-time executive Directors and other senior employees. Each option will normally become exercisable in respect of any number or proportion of the Ordinary shares over which it is granted only if, or to the extent that, a pre-set objective performance condition shall have been satisfied. Any such performance condition will demonstrate the achievement of a level of performance which is demanding in the context of the prospects for the Group and the prevailing economic environment in which it operates.

The number of Ordinary shares over which options may be granted in any period of ten years under all executive or employee share plans including employee schemes is limited to 10% of the issued Ordinary shares. For executive share plans alone, the limit is 5% in any period of ten years.

Note 29 in the financial statements details the outstanding options.

## Report of the Directors

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### EMPLOYEE POLICY

The Group recognises the value of employee involvement in its activities. It encourages an awareness of the financial and economic factors affecting the performance of the Group and the participation of employees in the Group's share option schemes. The information which is made available and the degree to which employees are consulted on matters affecting their interests varies according to local conditions and circumstances. The Hunting Review, which is published bi-annually and includes articles on the Group, is available to all employees.

Full and fair consideration is given to applications for employment from disabled persons and to their training, career development and promotion. Every effort is made to retain in employment those who become disabled. The Group recognises its responsibility for the health and safety of its employees and encourages their active participation in addressing environmental issues. This is regularly reviewed so as to provide a working environment which meets the requirements of the Health and Safety at Work Act 1974.

### THE ENVIRONMENT

The Group is committed to the protection of the environment by using renewable resources wherever possible and developing manufacturing processes and procedures such that any adverse effects on the environment are reduced to a practicable minimum.

Group policy is:

- to include environmental issues in planning and decision making;
- that each operating unit develops and implements its own procedures and conducts regular reviews to ensure that they are maintained and refined;
- to encourage the reduction of waste and emissions;
- to pay special regard to environmental issues and requirements of the communities in which its operations are located;
- to encourage involvement in, and understanding of, environmental issues, particularly those relating to the industries in which it operates;
- to promote employee participation in voluntary environmental projects, such as recycling and waste reduction;

In addition the Group encourages subsidiary accreditation to national and international quality monitoring organisations.

### HEALTH AND SAFETY ("H&S")

The Group is committed to the protection and improvement of the health and safety environment of all its employees. The Hunting Oilfield Services facility in Aberdeen has retained the British Safety Council's 5 Star Safety Award for the fourth consecutive year as well as the Investors in People award. In the USA and Canada, we have expanded our H&S infrastructure and introduced incentive safety programs for all employees who work at our manufacturing plants.

Gibson's 2001 safety record for truck transportation was better than the target of .54 non-urban collisions per million miles under the Alberta Provincial Partners in Compliance programme. Gibson's received the Quality Carrier Award from Imperial Oil Ltd., Canada's largest integrated oil and gas company, for customer service and safety and Canadian National Railways has awarded the Edmonton Terminal its prestigious Safe Handling Award.

The Group will continue to look for those practices and procedures that create a safe and environmentally responsible work place.

### RESEARCH AND DEVELOPMENT

Group subsidiaries undertake, where appropriate, research and development to meet particular market and product needs. The amount incurred and written off by the Group during the year was £0.6m (2000 – £2.6m).

## Report of the Directors

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### CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the Group donated £30,000 (2000 – £49,000) to UK charitable organisations and £99,000 (2000 – £78,000) to overseas charities. No UK political donations were made (2000 – £Nil).

### TANGIBLE FIXED ASSETS

Details of movements in tangible fixed assets are shown in note 16 to the financial statements.

### ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 30 April 2002 at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED commencing at 10.30 am. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders in the Register of Members of the Company on 28 April 2002 shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the relevant register of securities after then shall be disregarded in determining the rights of any person to attend or vote at the Meeting. The Notice of the Annual General Meeting accompanies this document.

### PURCHASE OF OWN ORDINARY SHARES

The Directors are authorised to make market purchases of the Company's own Ordinary shares under an authority granted by the Annual General Meeting held on 1 May 2001. No purchases were made under this authority during the year. The Directors will seek the renewal of this authority at the 2002 Annual General Meeting in accordance with the Company's Articles of Association in Resolution 7.

The Directors have no immediate intention of exercising the authority but they will keep the matter under review. Purchases will only be made if they result in an expected increase in earnings per share and will take into account other available investment opportunities, appropriate gearing levels and the overall position of the Company. Any shares purchased in accordance with this authority will subsequently be cancelled. The total number of options to subscribe for shares that were outstanding as at 5 March 2002 was 4,158,602, being 4.12% of issued share capital. If the authority to purchase shares is ever used in full, the proportion of issued share capital represented by this number of options would amount to 4.58%.

In accordance with ABI Investor Protection Guidelines, the maximum number of Ordinary shares which may be acquired is 10% or less of the Company's issued Ordinary shares as at 5 March 2002.

### POLICY ON PAYMENT OF CREDITORS

The Company's and Group's policy is to pay all creditors in accordance with agreed terms of business. The Company itself has no substantial trade creditors. The total amount of Group trade creditors falling due within one year at 31 December 2001 represents 40 days worth, as a proportion of the total amount invoiced by suppliers during the year ended on that date.

### SHARE CAPITAL

Details of the movements in the Company's share capital are shown in note 29 to the financial statements.

### AUDITORS

PricewaterhouseCoopers have indicated their willingness to continue in office as auditors. At the Annual General Meeting to be held on 30 April 2002, Resolution 6 will be proposed to reappoint them as auditors of the Company.

By order of the Board

D. L. Clark FCCA

Secretary

5 March 2002

## The Remuneration Committee's Report

The Remuneration Committee of the Board (the Committee) comprises the three non-executive Directors of the Company. A. R. Fryer (chairman) and I. S. Paterson both served throughout the year and G. A. Helland, who was appointed to the Committee on 1 October 2001. Sir Patrick Brown also served on the Committee until his retirement from the Board on 30 April 2001. This Committee is responsible for determining the remuneration of the Chairman and executive Directors, including the setting of annual performance targets and participation in the long-term executive share incentive plan and executive share options plans.

The Board determines fees payable to the non-executive Directors who do not participate in the Group's share plans or receive any other benefits.

The constitution and operation of the Committee during the year has complied with the Combined Code with respect to Directors' remuneration, except for the recommended period of notice for executive Directors as referred to below.

### REMUNERATION POLICY

The Committee aims to ensure that the individual rewards and incentives are competitive and appropriate to attract, motivate and retain executives of high ability, experience and commitment. The Committee receives advice from external consultants, has access to surveys and consults with the Chief Executive where appropriate.

The executive Directors' remuneration packages consist of annual salary, health cover, and where appropriate, car and fuel benefits, life and disability insurance, an annual cash bonus plan, pension contributions and participation in performance-linked share plans. Performance targets are established to achieve consistency with the interests of shareholders with an appropriate balance between long and short-term goals.

Basic salaries are reviewed annually. In 2001, in considering appropriate salary levels the Committee took into account inflation, the remuneration paid by comparable companies in terms of sales, profits, number of employees, market capitalisation and the complexity and international spread of the Group's operations.

Annual bonuses are paid to executive Directors based on factors which, depending on their role, include improvement in the Group's earnings per share, the increase in profit before taxation over the previous year, the achievement against budget for the year and the profit on exceptional items. The annual bonus of executive Directors with subsidiary responsibility is based on a percentage of the profit before taxation of the relevant unit.

The Committee considers that in certain circumstances a two year notice period for UK executive Directors is appropriate in order to attract and retain suitably qualified executives. D. L. Proctor has a two year rolling service contract until 31 December 2002 when it becomes a one year contract. T. W. Gomke whose service contract is not for a specific term may terminate his employment by giving 90 days written notice except in circumstances where he is commencing employment with a direct competitor, in which case the notice period is 180 days.

In certain circumstances, where a Director's service contract is terminated following a change in control of the Company, the Director shall be entitled to payment of a lump sum equal to two years gross salary, an amount equal to twice the average bonus paid to that Director for the two years prior to termination and for UK Directors a sum equal to the pension benefits that would result from an additional two years service. For D. L. Proctor should the change of control occur after 31 December 2002 then the lump sum payable would be calculated on a one year basis.

## The Remuneration Committee's Report

continued

### EMOLUMENTS

In the year to 31 December 2001, the highest paid Director received total emoluments of £465,000 as shown below.

Emoluments received by each Director during the year were as follows:

		Salary and fees £000	Bonus £000	Benefits £000	2001 Total £000	2000 Total £000
<b>Executive directors</b>						
R. H. Hunting	(Chairman)	126	–	10	136	130
D. L. Proctor	(Chief Executive)	276	166	23	465	147
D. L. Clark	(Finance Director)	196	203	13	412	255
T. W. Gomke		177	123	10	310	139
K. W. Miller	(retired 31 July 2001)	161	125	10	296	385
R. J. Whysall†	(retired 30 April 2001)	271	105	3	379	149
<b>Non-executive directors</b>						
A. R. Fryer		25	–	–	25	25
G. A. Helland	(appointed 1 October 2001)	6	–	–	6	–
I. S. Paterson		25	–	–	25	14
Sir Patrick Brown	(retired 30 April 2001)	10	–	–	10	25
D. G. S. Waterstone	(retired 20 April 2000)	–	–	–	–	8
<b>Total</b>		<b>1,273</b>	<b>722</b>	<b>69</b>	<b>2,064</b>	<b>1,277</b>

†R. J. Whysall's salary and fees includes £213,000 compensation for loss of office following the sale of the Defence subsidiaries.

D. L. Proctor and T. W. Gomke were appointed Directors of the Company on 12 July 2000.

Prior to his appointment T. W. Gomke received an interest free loan from Gibson Petroleum Company Limited. Repayments during the year of £2,069 have been made and at 31 December 2001 the amount outstanding was £41,034. The interest benefit has been disclosed within "Benefits" in the Directors' emoluments table above.

### DIRECTORS' OPTIONS OVER ORDINARY SHARES

As at 31 December 2001, the following Directors only had outstanding options to acquire Ordinary shares of the Company under the share option schemes described in note 29 to the financial statements.

		At end of year	At start of year	Exercise price p	Date from which exercisable	Expiry date
D. L. Proctor	(i)	399,036	—	207.5	28.03.04	27.03.11
D. L. Clark	(ii)	7,039	7,039	148.0	01.06.02	30.11.02
	(i)	226,024	—	207.5	28.03.04	27.03.11
T. W. Gomke	(i)	200,964	—	207.5	28.03.04	27.03.11
	(iii)	50,000	50,000	205.0	24.11.98	23.11.05

Notes:

(i) Denotes 2001 Share Option Plan – Granted 28 March 2001.

(ii) Denotes Savings Related Share Options.

(iii) Denotes Executive Share Option No. 3 Scheme.

No options were exercised under the above schemes or plans during the year.

Between 31 December 2001, and 5 March 2002, there were no changes in the interests of Directors in options over the Ordinary shares of the Company.

## The Remuneration Committee's Report

continued

### LONG-TERM EXECUTIVE SHARE INCENTIVE PLAN

The Company has in place a long-term performance-linked share plan. Awards under this plan, take the form of nil cost options to acquire the Company's Ordinary shares provided firstly, that total shareholder return over a three year period exceeds the increase in an appropriate Financial Times sector return and secondly that relevant profit targets are met over a similar three year period. Shares deposited with the plan trustees for a further three years after the qualifying period may attract a bonus of one additional share for every four deposited with the trustees. The maximum market value of shares over which an award may be granted to an executive in any year cannot exceed 50% of his current annual rate of basic salary excluding benefits in kind.

As at 31 December 2001, the following Directors only had outstanding options under the above plan:

	At end of year	At start of year	Date from which exercisable	Expiry date	Market price at exercise date p	Notional gain at exercise date £
D. L. Proctor	36,500	36,500	01.01.02	31.10.02		
Lapsed 29 March 2001	—	19,500				
D. L. Clark	64,000	64,000	01.01.02	31.10.02		
Exercised 5 April 2001	—	32,500			192.5	62,562
T.W. Gomke	41,000	41,000	01.01.02	31.10.02		
Exercised 17 April 2001	—	23,350			202.5	47,283

### PENSIONS

UK executive Directors are eligible for membership of the Hunting Pension Scheme (the Scheme) which is a defined benefit contracted in scheme available to the majority of UK employees. D. L. Proctor participates in a US 401 K Tax Deferred Savings Plan only. T. W. Gomke participates in Canadian Supplementary Executive Registered Plans and a defined benefit pension plan.

Executive Directors in the UK are provided with benefits from the Scheme at an enhanced level for which they pay increased member contributions. The retirement age for executive Directors under the Scheme is 60 and provides, subject to Inland Revenue limits, a pension of up to two thirds of final salary. Pensionable salary is the annual salary less an amount equal to the State Lower Earnings Limit. Executive Directors contribute to the Scheme at rates varying from 6.5% to 9.0% of their pensionable salary. The Scheme provides for a lump sum death in service benefit of four times basic salary and a spouse's pension of two thirds of the member's pension on the member's death. All members are granted post retirement increases which are guaranteed to increase annually in line with increases in the retail price index to a maximum of 5.0%. Bonuses and benefits do not qualify as pensionable salary for any Director.

## The Remuneration Committee's Report

continued

### DIRECTORS' PENSION BENEFITS

As required under the Listing Rules of the UK Listing Authority, the following table sets out details of the transfer value of the increase in accrued benefits less member contributions for each executive Director.

	Increase in accrued pension during the year excluding inflation £000	Transfer value of increase £000	Accumulated total of accrued pension at 31 December 2001 £000
R. H. Hunting	4	42	80
D. L. Clark	16	223	125
T. W. Gomke	1	8	12
K. W. Miller	—	—	198
R. J. Whysall	4	37	87

Notes:

- (i) The pension entitlement shown is that which would be paid annually on retirement based on service to 31 December 2001.
- (ii) The increase in accrued pension during the year excludes any increase for inflation where appropriate.
- (iii) In addition, contributions amounting to £7,241 and £93,602 were paid to money purchase pension arrangements for D. L. Proctor and T. W. Gomke respectively.
- (iv) K. W. Miller's Normal Retirement Date was 28 February 1999. No further benefits have accrued to him since that date. The pension figure for Mr Miller shown above is the late retirement pension available as at his retirement date of 31 July 2001.
- (v) R. J. Whysall retired on 30 April 2001. The pension figure stated above is that accrued as at his date of retirement.

## Corporate Governance

### COMBINED CODE

The Company has complied with the Combined Code ("the Code") throughout the financial year with the exception of certain matters referred to within this statement.

### BOARD OF DIRECTORS

The Board of Directors currently comprises the Chairman, Chief Executive, two further executive Directors and three independent non-executive Directors. This composition with a separate Chairman and Chief Executive, ensures a balance of responsibilities and authorities.

The Board normally meets formally six times a year and all Directors have access to the company secretary and to independent professional advice, at the Company's expense, in the furtherance of their duties. All Directors are subject to re-election by the shareholders at least every three years.

The Company has nominated A. R. Fryer as the senior independent Director.

The recommended period in the Code for Director's notice or contract periods is one year or less. The Remuneration Committee considers that in certain circumstances a two-year notice period for executive Directors is appropriate in order to attract and retain appropriately qualified executives.

The Board has delegated certain activities to committees namely the Audit, Remuneration and Nominations committees. The Audit and Remuneration committees are comprised exclusively of non-executive Directors and the Nominations Committee comprises the non-executive Directors together with the Chairman and the Chief Executive. The Audit Committee meets formally twice a year with the external auditors in attendance. Its role includes reviewing reports from management, internal and external auditors. Details of audit and non audit fees paid to the external auditors are set out in note 10 on page 38. Non audit fees principally relate to taxation advice in addition to services provided in connection with the Defence disposal programme. The Remuneration Committee meets as required to determine executive Directors' remuneration. The report of the Remuneration Committee is set out on pages 22 to 25. The Nominations Committee meets as required to consider main Board appointments.

## Corporate Governance

continued

The Code requires that non-executive Directors should comprise not less than one third of the board. For the period 1 May 2001 until 31 July 2001 when K. W. Miller retired as an executive Director the Company did not comply with this requirement.

The Code also requires that Audit Committees should comprise of at least three non-executive Directors and that a majority of the members of a Nominations Committee should be non-executive Directors. In the period from 1 May 2001 until 30 September 2001 when there were two independent non-executive Directors, the Company did not comply with these requirements.

### INTERNAL CONTROLS

The Board acknowledges its responsibility for the Group's system of internal control and for reviewing its effectiveness. The internal control system is designed to meet the Company's particular needs and the risks to which it is exposed. Any such system of internal control can however, only provide reasonable, but not absolute assurance against material misstatement or loss in the financial statements and of meeting internal control objectives. The Directors have reviewed the effectiveness of the Group's system of internal control for the period covered by these financial statements, the key features of which are as follows:

**Management structure** – Within operational parameters set by the Board, management is delegated to the Chief Executive and Executive Directors. Subsidiaries in turn operate within clearly defined policies and authorities under a decentralised management structure. All senior management changes require the prior approval of the Chief Executive.

**Reporting** – All subsidiaries submit detailed management information in accordance with a defined reporting timetable. This includes weekly treasury reports, monthly management accounts, annual budgets and three-year plans together with six month and full year statutory reporting. This data is subject to regular review and assessment by management through the monitoring of ratios and comparison to targets and budgets. The content and format of reporting is subject to change to ensure appropriate information is available.

**Strategic planning and budgeting** – Strategic plans and annual budgets containing comprehensive financial projections are formally presented to the Board for adoption and approval and form the basis for monitoring performance. Clearly defined procedures exist for capital expenditure appraisal and authorisation.

**Quality assurance** – Most of the business sectors within which the Group operates are highly regulated and subsidiaries are invariably required to be accredited, by the customer or an industry regulator, to national or international quality organisations. These organisations undertake regular audits and checks on subsidiary operating procedures and practices ensuring compliance with regulatory requirements.

**Monitoring process** – In addition to reports from external auditors the Audit Committee regularly receives reports from the internal auditors as part of the Group's internal audit and risk assessment programme.

All subsidiaries undertake formal self-assessment reviews three times a year on their internal control environment. These reviews encompass the identification of the key business, financial, compliance and operational risks facing the business together with an assessment of the controls in place for managing these risks. Additionally, risks are evaluated for their potential impact on the business. The results of these reviews together with a review of risks facing the Group as a whole are reported to the Board.

### COMMUNICATIONS

All Ordinary shareholders are invited to attend the Annual General Meeting at which questions may be put to the Board. There is a regular dialogue with institutional shareholders on the Group results and developments.

The Company's web site [www.hunting.plc.uk](http://www.hunting.plc.uk) which publishes interim and full year results, Company announcements and other investor information is used to communicate with shareholders and interested parties .

## Directors' Responsibilities

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit and loss for the financial year.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors confirm that the financial statements, using applicable accounting standards, have been prepared on a going concern basis using suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

## Report of the Auditors

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HUNTING PLC

We have audited the financial statements which comprise the Consolidated Profit and Loss Account, the Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Consolidated Shareholders' Funds, and the related notes.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

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 or the Listing Rules regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman's Statement, the Chief Executive's Review, the Finance Directors' Review, the Report of the Directors, the Remuneration Committee's Report, the Statement on Corporate Governance and the Financial Record.

We review whether the Corporate Governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Company's or Group's corporate governance procedures or its risk and control procedures.

### 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 affairs of the Company and the Group at 31 December 2001 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**PRICEWATERHOUSECOOPERS** 

Chartered Accountants and Registered Auditors  
London

5 March 2002

## Principal Accounting Policies

### ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with applicable accounting standards.

### CONSOLIDATION

The Group accounts include the financial statements of the Company and its subsidiary undertakings, together with its share of associated and joint venture undertakings, for the year to 31 December.

### GOODWILL

On the acquisition of a business, fair values are ascribed to the net assets acquired. Goodwill arises when the fair value of the consideration given for the business exceeds such net assets.

With effect from 1 January 1998 goodwill arising on the acquisition of a business is capitalised as an asset and amortised over its useful economic life which does not exceed twenty years.

Goodwill on acquisitions made prior to 31 December 1997 was charged to reserves. On the subsequent disposal or termination the profit or loss on disposal or termination is calculated after charging the amount of any related goodwill previously taken to reserves.

### TURNOVER

Turnover represents the invoiced amount, excluding sales related taxes, of goods sold, services provided during the year and the value of work undertaken during the year on long term contracts.

### FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost or valuation and depreciated in equal annual instalments over the estimated useful lives, by using the following rates:

Freehold property	2%-10%
Leasehold land and buildings	life of lease
Oil and gas exploration and equipment	unit of production
Pipelines, tanks and associated equipment	4%-20%
Plant and equipment	6%-33 $\frac{1}{3}$ %

Freehold and long leasehold land and buildings and terminals are revalued every five years with an interim revaluation three years later.

Fixed assets are regarded as impaired if their recoverable amount falls below their carrying value. Impairment losses are charged to the profit and loss account unless they arise on previously revalued assets, in which case they are recognised in the statement of total recognised gains and losses to the amount of the revaluation and thereafter in the profit and loss account.

### FOREIGN CURRENCIES

Assets and liabilities of overseas subsidiary and associated and joint venture undertakings have been expressed in Sterling at the market rates ruling at 31 December. Trading results are translated at the average rates for the year. Exchange differences arising on the translation of the net assets of overseas subsidiary undertakings are dealt with through reserves, whilst those arising from trading transactions are dealt with in the profit and loss account.

Exchange differences on foreign currency borrowings used to finance overseas net equity investments are dealt with through reserves.

### ASSOCIATED AND JOINT VENTURE UNDERTAKINGS AND TRADE INVESTMENTS

Associated undertakings are entities, not being subsidiary or joint venture undertakings, in which Group companies have an effective interest of not less than 20% and in whose commercial and policy decisions they exercise significant influence.

Joint venture undertakings are entities not being subsidiary or associated undertakings in which Group companies have an interest and jointly control the entity with one or more partners under a contractual arrangement.

## Principal Accounting Policies

continued

### ASSOCIATED AND JOINT VENTURE UNDERTAKINGS AND TRADE INVESTMENTS (continued)

The Group's share of profits of associated and joint venture undertakings is included in the consolidated profit and loss account. The Group's share of net assets of associated and joint venture undertakings are included in the consolidated balance sheet as an investment.

Trade investments are included at cost less provision for impairment.

### DEFERRED TAXATION

Provision for deferred taxation is made using the liability method, on the excess of capital allowances over depreciation and other timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future.

### STOCK AND WORK IN PROGRESS

Stock is stated at the lower of cost and estimated net realisable value. Work in progress is stated at the lower of cost and estimated net realisable value less payments received and receivable on account. Cost includes production overheads and a proportion of administrative overheads in addition to direct labour and material costs. Interest costs are included in work in progress where financed by specific borrowings.

For long-term contract work in progress, where the supply of goods and services falls into more than one year, a due proportion of the estimated sales revenue, costs and attributable profits is included in each year's results. Profits on other contracts are taken on completion. If it appears likely that a contract will prove unprofitable, full provision is made for the anticipated loss.

### LEASES

Assets acquired under finance leases have been recorded in the balance sheet as tangible fixed assets at their equivalent capital value and depreciated over the useful life of the asset. All other leases are operating leases, and the rental of these is charged to the profit and loss account on a straight-line basis over the life of the lease.

### PENSIONS

The expected cost of pensions in respect of the Group's defined benefit pension schemes is charged to the profit and loss account so as to spread the cost over the service lives of employees in the schemes. Actuarial surpluses are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of independent qualified actuaries.

### FINANCIAL INSTRUMENTS

Derivative financial instruments are used to hedge exposures to fluctuations in interest and foreign exchange rates and in the selling price of crude oil inventories. The Group does not hold or issue derivative financial instruments for financial trading purposes.

Interest rate swap, cap and forward rate agreements are used to manage interest rate exposures. Amounts payable or receivable in respect of these instruments are recognised as adjustments to interest expense over the period of the contracts.

Forward foreign exchange contracts are used to hedge transaction exposures. These contracts are translated at the forward contract rate and the gains and losses are recognised on maturity of the underlying transactions.

Crude oil futures and swap contracts are used to hedge against fluctuations in the selling price of crude oil inventory. Gains or losses on these contracts are recognised within the profit and loss account when the inventory is sold.

Currency options are used to hedge overseas profits from short-term currency movements. Option premiums on these instruments are written off as incurred and profits on exchange recognised on maturity of the options. Currency swaps are used to reduce the cost of borrowing.

### RESEARCH AND DEVELOPMENT

Except where research and development costs are fully funded by customers, expenditure is written off as incurred.

## Consolidated Profit and Loss Account

For the Year ended 31 December 2001

	Notes	Continuing		Discontinued	Total	Total
		Ongoing	Acquisitions			
		2001	2001	2001	2001	2000
		£m	£m	£m	£m	£m
<b>Turnover</b>		774.7	160.4	100.2	1,035.3	1,218.4
Less: share of joint venture		–	–	–	–	(2.5)
<b>Group turnover</b>	1	774.7	160.4	100.2	1,035.3	1,215.9
Cost of sales		(678.5)	(148.9)	(91.8)	(919.2)	(1,090.1)
<b>Gross profit</b>		96.2	11.5	8.4	116.1	125.8
Net operating expenses	2	(57.1)	(5.4)	(9.5)	(72.0)	(86.0)
<b>Group operating profit (loss)</b>		39.1	6.1	(1.1)	44.1	39.8
Share of operating profit in joint venture and associated undertakings	4	–	–	–	–	2.1
<b>Total operating profit (loss)</b>	1	39.1	6.1	(1.1)	44.1	41.9
Exceptional items:	7					
Profit on disposal of discontinued operations		–	–	29.9	29.9	–
Impairment of net assets of de-consolidated subsidiary		(2.9)	–	–	(2.9)	–
<b>Profit on ordinary activities before interest</b>		36.2	6.1	28.8	71.1	41.9
Interest receivable and similar income	8				2.3	3.6
Interest payable and similar charges	9				(8.4)	(12.1)
<b>Profit on ordinary activities before taxation</b>	10				65.0	33.4
Taxation on profit on ordinary activities	11				(19.7)	(12.8)
<b>Profit on ordinary activities after taxation</b>					45.3	20.6
Equity minority interests					(4.4)	(5.2)
<b>Profit for the financial year</b>					40.9	15.4
Dividends (including non-equity)	13				(19.9)	(13.2)
<b>Retained profit for the year</b>					<b>21.0</b>	<b>2.2</b>
<b>Basic earnings per 25p ordinary share</b>	14				<b>36.9p</b>	<b>11.5p</b>
<b>Diluted earnings per 25p ordinary share</b>	14				<b>36.9p</b>	<b>11.4p</b>

There are no material differences between the results disclosed above and the results on an unmodified historical cost basis.

## Consolidated Statement of Total Recognised Gains and Losses

For the Year ended 31 December 2001

	Notes	2001	2000
		£m	£m
Profit for the financial year		40.9	15.4
Revaluation of fixed assets		–	3.9
Currency translation differences on foreign currency net investments	30	(1.9)	2.8
<b>Total recognised gains and losses for the year</b>		<b>39.0</b>	<b>22.1</b>

## Consolidated Balance Sheet

At 31 December 2001

	Notes	2001 £m	2000 £m
<b>Fixed assets</b>			
Intangible assets	15	36.7	28.9
Tangible assets	16	138.4	144.2
Investment in joint venture:	17		
Share of gross assets		–	7.9
Share of gross liabilities		–	(6.0)
		–	1.9
Investment in associates	17	1.0	3.6
Other investments	18	6.8	15.0
		<u>182.9</u>	<u>193.6</u>
<b>Current assets</b>			
Stocks	21	123.9	107.9
Debtors	22	156.8	178.1
Investments	23	6.1	11.8
Cash at bank and in hand	34	17.5	14.7
		<u>304.3</u>	<u>312.5</u>
<b>Creditors:</b> amounts falling due within one year	24	(173.6)	(196.0)
<b>Net current assets</b>		<u>130.7</u>	<u>116.5</u>
<b>Total assets less current liabilities</b>		313.6	310.1
<b>Creditors:</b> amounts falling due after more than one year	25	(92.4)	(123.0)
<b>Provisions for liabilities and charges</b>	28	(8.2)	(4.3)
		<u>213.0</u>	<u>182.8</u>
<b>Capital and reserves</b>			
Called up share capital	29	73.1	73.1
Share premium	30	41.2	41.0
Revaluation reserve	30	14.1	24.3
Profit and loss account	30	40.4	0.5
<b>Shareholders' funds</b>			
Equity interests	31	120.9	91.0
Non-equity interests	31	47.9	47.9
	31	168.8	138.9
<b>Equity minority interests</b>		<u>44.2</u>	<u>43.9</u>
		<u>213.0</u>	<u>182.8</u>

## Reconciliation of Movements in Consolidated Shareholders' Funds

For the Year ended 31 December 2001

	Notes	2001 £m	2000 £m
Profit for the financial year		40.9	15.4
Dividends	13	(19.9)	(13.2)
Retained profit for the year		21.0	2.2
Currency translation differences on foreign currency net investments	30	(1.9)	2.8
Revaluation of fixed assets		–	3.9
Share capital issued (repaid)	30	0.2	(0.7)
Goodwill written back on disposals	30	10.6	0.3
Net addition to shareholders' funds		29.9	8.5
Opening shareholders' funds		138.9	130.4
Closing shareholders' funds	31	<u>168.8</u>	<u>138.9</u>

## Company Balance Sheet

At 31 December 2001

	Notes	2001 £m	2000 £m
<b>Fixed assets</b>			
Investments	19	223.5	251.3
<b>Current assets</b>			
Debtors	22	41.3	10.3
Cash at bank and in hand		0.3	0.2
		41.6	10.5
<b>Creditors: amounts falling due within one year</b>	24	(18.8)	(32.4)
<b>Net current assets (liabilities)</b>		22.8	(21.9)
<b>Total assets less current liabilities</b>		246.3	229.4
<b>Creditors: amounts falling due after more than one year</b>	25	(66.1)	(98.6)
		<b>180.2</b>	<b>130.8</b>
<b>Capital and reserves</b>			
Called up share capital	29	73.1	73.1
Share premium	30	41.2	41.0
Profit and loss account	30	65.9	16.7
<b>Shareholders' funds</b>			
Equity interests	31	132.3	82.9
Non-equity interests	31	47.9	47.9
	31	<b>180.2</b>	<b>130.8</b>

D. L. Proctor

D. L. Clark

Directors

Approved by the Board on 5 March 2002

## Consolidated Cash Flow Statement

For the Year ended 31 December 2001

	Notes	2001 £m	2000 £m
<b>Net cash inflow from operating activities</b>	32	55.7	60.2
<b>Returns on investments and servicing of finance</b>			
Interest received		3.4	3.1
Interest paid		(9.2)	(11.9)
Preference dividends paid		(3.9)	(3.9)
Dividends paid to minorities		(1.8)	(6.9)
<b>Net cash (outflow) from returns on investments and servicing of finance</b>		(11.5)	(19.6)
<b>Taxation paid</b>		(12.5)	(6.1)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(26.2)	(21.7)
Sale of tangible fixed assets		2.1	1.6
Purchase of trade investments		(0.9)	(0.2)
<b>Net cash (outflow) from capital expenditure and financial investment</b>		(25.0)	(20.3)
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertakings		(51.5)	(28.9)
Net (overdrafts) cash acquired with subsidiary undertakings	36	(0.7)	1.4
Purchase of associated undertakings		—	(0.7)
Purchase of minority interests in subsidiaries		—	(1.4)
Net proceeds from disposal of operations		95.9	—
Net cash disposed of with subsidiary undertakings		(16.4)	—
Net proceeds from disposal of joint venture and associated undertakings		4.1	1.6
Proceeds from disposal of other investments		8.7	0.8
<b>Net cash inflow (outflow) from acquisitions and disposals</b>		40.1	(27.2)
<b>Equity dividends paid</b>		(21.1)	(9.2)
<b>Net cash inflow (outflow) before use of liquid resources and financing</b>		25.7	(22.2)
<b>Management of liquid resources</b>			
Net movement in short term money market deposits	34	5.7	(1.0)
<b>Financing</b>			
Ordinary share capital issued	30	0.2	—
Preference share capital repaid		—	(0.7)
(Decrease) in borrowings due within one year	34	(0.3)	(20.8)
(Decrease) increase in borrowings due beyond one year	34	(24.8)	28.8
Capital element of finance leases	34	(0.2)	(0.2)
<b>Net cash (outflow) inflow from financing</b>	33	(25.1)	7.1
<b>Increase (decrease) in cash</b>	34	<b>6.3</b>	<b>(16.1)</b>

## Notes to the Financial Statements

### 1. SEGMENTAL ANALYSIS

Turnover and operating profit, including associated and joint venture undertakings but before net interest costs, exceptional items and taxation, are shown below.

	2001	2001	2001	2000	2000	2000
	Turnover	Operating profit (loss)	Net assets (liabilities)	Turnover	Operating profit (loss)	Net assets (liabilities)
ACTIVITY	£m	£m	£m	£m	£m	£m
<b>Oil and gas marketing and distribution</b>	587.3	19.0	96.9	703.9	19.0	95.1
Less share of joint venture undertaking	—	—	—	(2.5)	—	—
Share of joint venture undertaking	—	—	—	—	1.4	1.9
<b>Oilfield services and tubular products</b>	268.3	21.5	131.5	106.3	7.2	96.4
Share of associated undertakings	—	—	1.0	—	—	1.0
<b>Exploration and other activities</b>	79.5	4.7	37.8	67.9	1.6	37.0
Share of associated undertakings	—	—	—	—	0.5	2.3
<b>Continuing operations</b>	<b>935.1</b>	<b>45.2</b>	<b>267.2</b>	<b>875.6</b>	<b>29.7</b>	<b>233.7</b>
<b>Discontinued operations</b>						
<b>Defence</b>	100.2	(1.1)	—	340.3	12.0	41.4
Share of associated undertakings	—	—	—	—	0.2	0.3
	<b>1,035.3</b>	<b>44.1</b>	267.2	<b>1,215.9</b>	<b>41.9</b>	275.4
Net funding			(73.2)			(100.8)
Pension fund prepayment (net)			11.0			8.6
Central assets (liabilities)			8.0			(0.4)
			<b>213.0</b>			<b>182.8</b>
<b>AREA OF OPERATION</b>						
<b>Continuing operations</b>						
Europe – UK	68.0	5.1	1.4	36.4	(1.9)	20.2
– Continent	29.0	(0.7)	9.5	15.0	(3.3)	13.8
Canada	624.3	21.3	125.3	678.1	21.3	116.8
Share of joint venture – Canada	—	—	—	(2.5)	1.4	1.9
US	209.7	19.4	129.3	145.0	12.3	76.1
Share of associates – UK	—	—	—	—	0.5	2.5
– Other	—	—	1.0	—	—	0.8
Other	4.1	0.1	0.7	3.6	(0.6)	1.6
	<b>935.1</b>	<b>45.2</b>	<b>267.2</b>	<b>875.6</b>	<b>29.7</b>	<b>233.7</b>
<b>Discontinued operations</b>						
Europe – UK	89.9	0.2	—	307.6	9.7	24.9
– Continent	2.7	(0.4)	—	5.1	(0.3)	1.4
Canada	2.2	(0.3)	—	9.1	1.2	4.0
US	5.4	(0.6)	—	11.0	0.3	7.0
Share of associates – Other	—	—	—	—	0.2	0.3
Other	—	—	—	7.5	1.1	4.1
	<b>1,035.3</b>	<b>44.1</b>	267.2	<b>1,215.9</b>	<b>41.9</b>	275.4
Net funding			(73.2)			(100.8)
Pension fund prepayments (net)			11.0			8.6
Central assets (liabilities)			8.0			(0.4)
			<b>213.0</b>			<b>182.8</b>

Inter-divisional turnover is not material and turnover by destination is not materially different to the area of operation.

Most of the Group's financing is arranged centrally and is not specifically attributable to individual activities or geographic areas.

## Notes to the Financial Statements

continued

### 2. NET OPERATING EXPENSES

	Ongoing 2001 £m	Continuing Acquisitions 2001 £m	Discontinued 2001 £m	Total 2001 £m	Total 2000 £m
Distribution costs	2.2	–	1.1	3.3	4.7
Administrative expenses	56.3	5.4	8.4	70.1	83.0
Rental income	(1.4)	–	–	(1.4)	(1.7)
	<b>57.1</b>	<b>5.4</b>	<b>9.5</b>	<b>72.0</b>	<b>86.0</b>

### 3. ANALYSIS OF CONTINUING AND DISCONTINUED ACTIVITIES

	Continuing 2000 £m	Discontinued 2000 £m	Total 2000 £m
<b>Turnover</b>	878.1	340.3	1,218.4
Less: share of joint venture	(2.5)	–	(2.5)
<b>Group turnover</b>	875.6	340.3	1,215.9
Cost of sales	(794.5)	(295.6)	(1,090.1)
<b>Gross profit</b>	81.1	44.7	125.8
Distribution costs	(2.1)	(2.6)	(4.7)
Administrative expenses	(52.9)	(30.1)	(83.0)
Rental income	1.7	–	1.7
<b>Group operating profit</b>	27.8	12.0	39.8
Share of operating profit in joint venture and associated undertakings	1.9	0.2	2.1
<b>Total operating profit</b>	<b>29.7</b>	<b>12.2</b>	<b>41.9</b>

### 4. SHARE OF OPERATING PROFIT IN JOINT VENTURE AND ASSOCIATED UNDERTAKINGS

	2001 £m	2000 £m
Share of joint venture undertaking	–	1.4
Share of associated undertakings	–	0.7
	<b>–</b>	<b>2.1</b>

## Notes to the Financial Statements

continued

### 5. EMPLOYEES

The average monthly number of employees during the year by activity is made up as follows:

	2001 No.	2000 No.
Oil and gas marketing and distribution	418	357
Oilfield services and tubular products	977	881
Exploration and other activities	799	810
	<hr/>	<hr/>
Oil	2,194	2,048
Defence	1,354	5,682
	<hr/>	<hr/>
	<b>3,548</b>	<b>7,730</b>

Staff costs during the year comprise:

	2001 £m	2000 £m
Wages and salaries	86.6	145.6
Social security costs	9.8	14.0
Other pension costs (Note 40)	0.2	8.3
	<hr/>	<hr/>
	<b>96.6</b>	<b>167.9</b>

### 6. REMUNERATION OF DIRECTORS

Details of Directors' emoluments and share options are shown within the Remuneration Committee's Report on pages 22 to 25.

### 7. EXCEPTIONAL ITEMS

Exceptional items comprise:

	2001 £m	2000 £m
Profit on disposal of discontinued operations	29.9	–
Impairment of net assets of de-consolidated subsidiary	(2.9)	–
	<hr/>	<hr/>
	<b>27.0</b>	<b>–</b>

The profit on disposal of discontinued operations relates to the net gain arising on the sale of the businesses within the Defence division, and is after provision for potential future losses.

The impairment of net assets of de-consolidated subsidiary reflects the writing down of the Group's investment in Zimbabwe to nil.

### 8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £m	2000 £m
Bank deposits and investments	1.4	1.7
Bank current accounts	0.2	0.6
Other interest receivable and similar income	0.7	1.3
	<hr/>	<hr/>
	<b>2.3</b>	<b>3.6</b>

### 9. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £m	2000 £m
Bank loans and overdrafts repayable within 5 years	4.1	7.7
Other loans repayable within 5 years	2.5	2.7
Other loans repayable after 5 years	1.2	0.8
Share of joint venture undertaking	–	0.4
Share of associated undertakings	–	0.1
Other interest payable and similar charges	0.6	0.4
	<hr/>	<hr/>
	<b>8.4</b>	<b>12.1</b>

## Notes to the Financial Statements

continued

<b>10. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2001 £m	2000 £m
Profit on ordinary activities before taxation is stated after charging (crediting) the following items:		
Depreciation – owned assets	17.3	15.5
– leased assets	0.1	0.2
Amortisation of goodwill	1.6	1.3
Provision for impairment of trade investment	—	3.0
(Profit) on disposal of fixed assets	(0.4)	(0.3)
(Profit) on disposal of joint venture undertaking	(1.6)	—
(Profit) on disposal of associated undertaking	—	(1.0)
Research and development expenditure	0.6	2.6
Operating lease payments:		
Plant and machinery	1.4	2.1
Land and buildings	6.4	7.0
Auditors' remuneration:		
Audit of parent undertaking	0.1	0.1
Audit of subsidiary undertakings	0.7	0.7
Non-audit services	1.2	0.7
<b>11. TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>2001</b> £m	<b>2000</b> £m
UK Corporation tax at 30% (2000 – 30%)	4.5	4.8
Double taxation relief	(0.9)	(2.2)
Overseas taxation at various rates	9.4	10.5
Deferred taxation – UK	1.8	(1.1)
– Overseas	—	0.2
	<u>14.8</u>	<u>12.2</u>
Share of joint venture undertaking	—	0.5
Share of associated undertakings	—	0.1
	<u>14.8</u>	<u>12.8</u>
Corporation tax on exceptional items	4.2	—
Deferred tax on exceptional items	0.7	—
	<u><b>19.7</b></u>	<u><b>12.8</b></u>

### 12. RESULTS FOR THE FINANCIAL YEAR

In accordance with the exemption allowed by Section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account. A profit of £69.1m (2000 – £11.0m) has been dealt within the accounts of Hunting PLC.

<b>13. DIVIDENDS</b>	Pence per share	2001 £m	Pence per share	2000 £m
Preference dividends (non-equity):				
Paid	8.25	<u>3.9</u>	8.25	<u>3.9</u>
Ordinary dividends (equity):				
Interim paid	2.0	2.0	3.0	3.0
Special paid	10.0	10.0	—	—
Final proposed	4.0	<u>4.0</u>	6.25	<u>6.3</u>
		<u>16.0</u>		<u>9.3</u>
		<u><b>19.9</b></u>		<u><b>13.2</b></u>

## Notes to the Financial Statements

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### 14. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to Ordinary shareholders by the weighted average number of Ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of outstanding Ordinary shares is adjusted to assume conversion of all dilutive potential Ordinary shares. The dilutive potential Ordinary shares are those options where the exercise price is less than the average market price of the Company's Ordinary shares during the year.

Reconciliations of the earnings and weighted average number of Ordinary shares used in the calculations are set out below.

	Earnings £m	2001 Weighted average number of Ordinary shares millions	Earnings per Ordinary share pence	Earnings £m	2000 Weighted average number of Ordinary shares millions	Earnings per Ordinary share pence
Profit attributable to shareholders	40.9			15.4		
Less: preference dividends	(3.9)			(3.9)		
<b>Basic EPS</b>						
Earnings attributable to Ordinary shareholders	<b>37.0</b>	<b>100.3</b>	<b>36.9</b>	<b>11.5</b>	<b>100.2</b>	<b>11.5</b>
<b>Effect of dilutive shares</b>						
Options	—	—		—	0.2	
<b>Diluted EPS</b>						
Adjusted earnings	<b>37.0</b>	<b>100.3</b>	<b>36.9</b>	<b>11.5</b>	<b>100.4</b>	<b>11.4</b>

### 15. INTANGIBLE ASSETS

	Goodwill on acquisitions £m
<b>GROUP</b>	
<b>Cost:</b>	
At 1 January 2001	30.7
Exchange adjustments	0.1
Additions (Note 36)	10.8
Disposals	(1.8)
At 31 December 2001	<b>39.8</b>
<b>Amortisation:</b>	
At 1 January 2001	1.8
Charge for the year	1.6
Disposals	(0.3)
At 31 December 2001	<b>3.1</b>
<b>Net book amount:</b>	
At 31 December 2001	<b>36.7</b>
At 31 December 2000	<b>28.9</b>

## Notes to the Financial Statements

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### 16. TANGIBLE ASSETS

GROUP	Land and buildings		Oil and gas exploration and equipment £m	Pipelines, tanks and associated equipment		Plant and equipment £m	Total £m
	Freehold and long leasehold £m	Short leasehold £m		Terminals £m	Other equipment £m		
<b>Cost or Valuation:</b>							
At 1 January 2001	37.3	9.9	17.3	23.3	38.1	115.9	241.8
Exchange adjustments	(0.2)	(0.1)	0.3	(0.8)	(1.2)	(1.7)	(3.7)
Impairment	(0.2)	(0.1)	—	—	—	(1.8)	(2.1)
Additions	0.9	0.5	9.4	0.9	3.4	12.2	27.3
Acquisitions	0.7	—	—	—	1.3	5.8	7.8
Disposals	(12.3)	(0.7)	—	(0.2)	(1.2)	(40.3)	(54.7)
At 31 December 2001	<b>26.2</b>	<b>9.5</b>	<b>27.0</b>	<b>23.2</b>	<b>40.4</b>	<b>90.1</b>	<b>216.4</b>
<b>Depreciation:</b>							
At 1 January 2001	—	3.6	7.7	—	16.8	69.5	97.6
Exchange adjustments	0.3	—	0.1	—	(0.8)	(1.0)	(1.4)
Impairment	—	—	—	—	—	(0.5)	(0.5)
Charge for the year	0.7	0.5	2.5	1.6	2.6	9.5	17.4
Disposals	(0.3)	(0.6)	—	—	(0.3)	(33.9)	(35.1)
At 31 December 2001	<b>0.7</b>	<b>3.5</b>	<b>10.3</b>	<b>1.6</b>	<b>18.3</b>	<b>43.6</b>	<b>78.0</b>
<b>Net book amount:</b>							
At 31 December 2001	<b>25.5</b>	<b>6.0</b>	<b>16.7</b>	<b>21.6</b>	<b>22.1</b>	<b>46.5</b>	<b>138.4</b>
At 31 December 2000	<b>37.3</b>	<b>6.3</b>	<b>9.6</b>	<b>23.3</b>	<b>21.3</b>	<b>46.4</b>	<b>144.2</b>

Freehold and long leasehold land and buildings comprise:

	Cost or valuation £m	Accumulated depreciation £m
Freehold land and buildings	25.0	0.5
Long leasehold property	1.2	0.2
	<b>26.2</b>	<b>0.7</b>

The freehold and long leasehold properties in the UK occupied by Group companies were valued as at 31 December 2000 by Wood & Co, Chartered Surveyors, acting as external valuers on the basis of Existing Use Value in accordance with the Royal Institution of Chartered Surveyors appraisal and valuation manual. Overseas freehold and long leasehold properties occupied by Group companies were also valued as at 31 December 2000 on this basis.

The properties in Canada, were valued by American Appraisal Canada Inc., appraisers and DDL Real Estate Group Inc., appraisers, both acting as external valuers.

Properties in the US were valued by Cushman & Wakefield Inc., valuers, Associated Appraisers, valuers, acting as independent valuers, in the Netherlands by Brantje Makelaars, valuers and in Italy by Wood & Co.

Properties not occupied by Group companies were valued on the basis of Open Market Value in the US by G V A Marquette, acting as independent valuers and in Canada by American Appraisal Canada Inc.

These valuations are recognised in the accounts with freehold land and buildings recorded at a net book value of £22.7m, leasehold land and buildings at a net book valuation of £1.2m and terminals at a net book valuation of £21.2m. The remaining freehold and long leasehold properties are recorded at cost less accumulated depreciation and the directors consider that the valuation on an existing use basis would show a value not less than their book value.

The freehold and long leasehold land & buildings have an historical cost of £25.3m and accumulated depreciation provision of £6.5m. The terminals have an historical cost of £28.6m and accumulated depreciation of £14.9m.

There is a contingent liability to capital gains tax if properties were to be disposed of at their revalued amounts. No provision has been made in the accounts as the Directors do not anticipate this liability arising in the foreseeable future.

Tangible assets include £0.3m (2000 – £0.5m) being the net book amount of the capital element of assets held under finance leases after accumulated depreciation of £0.1m (2000 – £0.9m).

## Notes to the Financial Statements

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### 17. INVESTMENTS IN JOINT VENTURE AND ASSOCIATED UNDERTAKINGS

	Investment in joint venture £m	Investments in associated undertakings £m
<b>GROUP</b>		
At 1 January 2001	1.9	3.6
Disposals	(1.9)	(2.6)
At 31 December 2001	<u>—</u>	<u>1.0</u>

There were no loans to the joint venture or associated undertakings at 31 December 2001 (2000 – £Nil).

### 18. OTHER INVESTMENTS

	Trade investments £m	Investment in own shares £m	Total £m
<b>GROUP</b>			
At 1 January 2001	14.2	0.8	15.0
Exchange adjustments	0.3	—	0.3
Additions	0.4	0.4	0.8
Disposals	(8.8)	(0.5)	(9.3)
At 31 December 2001	<u>6.1</u>	<u>0.7</u>	<u>6.8</u>

The investment in own shares represents 333,667 (2000 – 350,150) Ordinary shares of the Company held by the Company's Employee Share Trust at a cost of £727,993 (2000 – £807,468). The market value of these shares at 31 December 2001 was £588,922. These shares are held for the benefit of Directors and senior executives, subject to various performance criteria arising under the long-term executive share incentive plan, further details of which can be found in the Remuneration Committee's Report on pages 22 to 25.

Trade investments include an investment in Oil States International Inc., a listed US corporation. This investment is carried at a net book amount of £4.8m after a provision for impairment of £3.0m. The market value of the investment at 31 December 2001 was £3.3m.

### 19. INVESTMENTS

	Investments in subsidiary undertakings £m	Investment in associated undertaking £m	Investment in own shares £m	Total £m
<b>COMPANY</b>				
At 1 January 2001	250.4	0.1	0.8	251.3
Additions	—	—	0.4	0.4
Disposals	—	(0.1)	(0.5)	(0.6)
Loans repaid (net)	(27.6)	—	—	(27.6)
At 31 December 2001 (Note 20)	<u>222.8</u>	<u>—</u>	<u>0.7</u>	<u>223.5</u>

## Notes to the Financial Statements

continued

<b>20. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS</b>	2001 £m	2000 £m
<b>COMPANY</b>		
Shares at cost	167.2	167.2
Advances to subsidiary undertakings	55.6	83.2
	<b>222.8</b>	<b>250.4</b>

Details of principal subsidiary undertakings are given on pages 53 and 54.

<b>21. STOCKS</b>	2001 £m	2000 £m
<b>GROUP</b>		
Raw materials and consumables	4.7	9.4
Work in progress	9.6	12.4
Long term contract work in progress	—	29.2
Finished goods and goods for resale	110.1	57.7
Payments on account	(0.5)	(0.8)
	<b>123.9</b>	<b>107.9</b>

The replacement cost of stocks is not materially different from the balance sheet amount.

<b>22. DEBTORS</b>	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Due within one year:				
Trade debtors	92.3	132.0	—	—
Amounts owed by subsidiary undertakings	—	—	39.2	4.7
Amounts owed by joint venture and associated undertakings	—	0.2	—	—
Other debtors	40.2	25.6	0.5	1.0
Corporation tax	—	—	1.6	4.6
Prepayments and accrued income	4.1	4.1	—	—
	<b>136.6</b>	<b>161.9</b>	<b>41.3</b>	<b>10.3</b>
Due after one year:				
Other debtors	4.5	1.6	—	—
Pension fund prepayment	15.7	14.6	—	—
	<b>20.2</b>	<b>16.2</b>	<b>—</b>	<b>—</b>
	<b>156.8</b>	<b>178.1</b>	<b>41.3</b>	<b>10.3</b>

<b>23. INVESTMENTS</b>	Group	
	2001 £m	2000 £m
Short term cash deposits	<b>6.1</b>	<b>11.8</b>

## Notes to the Financial Statements

continued

### 24. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Secured bank loans and overdrafts (Note 26)	0.2	1.3	—	—
Unsecured bank and other loans (Note 26)	10.6	10.8	—	—
Unsecured bank overdrafts (Note 26)	2.6	6.1	8.2	20.6
	<u>13.4</u>	<u>18.2</u>	<u>8.2</u>	<u>20.6</u>
Obligations under finance leases (Note 39)	0.1	0.4	—	—
Trade creditors	101.4	106.7	—	—
Amounts due to subsidiary undertakings	—	—	4.3	1.1
Amounts due to associated undertakings	—	0.1	—	—
Other creditors	13.0	25.6	1.3	—
Corporation tax	9.1	5.7	—	—
Other taxes and social security costs	2.9	4.9	—	—
Accruals and deferred income	29.7	25.1	1.0	1.4
Proposed dividends	4.0	9.3	4.0	9.3
	<u>173.6</u>	<u>196.0</u>	<u>18.8</u>	<u>32.4</u>

### 25. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Secured bank loans (Note 26)	—	0.2	—	—
Unsecured bank and other loans (Note 26)	83.2	108.4	—	—
Obligations under finance leases (Note 39)	0.1	0.1	—	—
Amounts owed to subsidiary undertakings	—	—	65.4	97.4
Other creditors	9.1	14.3	0.7	1.2
	<u>92.4</u>	<u>123.0</u>	<u>66.1</u>	<u>98.6</u>

### 26. SECURED AND UNSECURED BANK, OTHER LOANS AND OVERDRAFTS

	Group	
	2001 £m	2000 £m
Secured loans and overdrafts are repayable as follows:		
Within one year (Note 24)	0.2	1.3
Between one and two years (Note 25)	—	0.2
	<u>0.2</u>	<u>1.5</u>

The secured loan is secured by a charge over an asset of a subsidiary undertaking.

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Unsecured loans and overdrafts are repayable as follows:				
Within one year (Note 24)	13.2	16.9	8.2	20.6
Between one and two years	48.7	10.5	—	—
Between two and five years	24.2	87.8	—	—
After five years at 7.7% (2000 – 7.7%)	10.3	10.1	—	—
	<u>96.4</u>	<u>125.3</u>	<u>8.2</u>	<u>20.6</u>

## Notes to the Financial Statements

continued

### 26. SECURED AND UNSECURED BANK, OTHER LOANS AND OVERDRAFTS (continued)

An analysis of the Group's net debt including lease finance is set out below:

	2001 £m	2000 £m
US dollar 8.419% loan notes 2002	10.3	10.1
US dollar 8.11% loan notes 2005	17.1	16.8
US dollar 7.41% loan notes 2005	6.8	6.7
US dollar 7.71% loan notes 2007	10.3	10.1
Committed bank and other loans	49.5	75.8
Uncommitted bank and other loans	—	1.2
<b>Borrowings (Note 33)</b>	<b>94.0</b>	<b>120.7</b>
Bank overdrafts	2.6	6.1
Lease finance	0.2	0.5
<b>Gross borrowings</b>	<b>96.8</b>	<b>127.3</b>
(Less) cash and short term investments	(23.6)	(26.5)
<b>Net debt (Note 34)</b>	<b>73.2</b>	<b>100.8</b>

An analysis of the Group's gross borrowings maturity profile is set out below:

	2001 £m	2000 £m
Within one year	13.5	18.6
Between one and two years	48.8	10.8
Between two and five years	24.2	87.8
After five years	10.3	10.1
<b>Total</b>	<b>96.8</b>	<b>127.3</b>

An analysis of the Group's undrawn committed borrowing facilities is set out below:

	2001 £m	2000 £m
Within one year	10.0	5.0
Between one and two years	31.0	—
Between two and five years	55.4	5.0
<b>Total</b>	<b>96.4</b>	<b>10.0</b>

### 27. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Narrative disclosures required by FRS 13 are included below, in the accounting policies and in the Financial Risk Management section within the Finance Director's Review.

#### Currency analysis of net assets

The table below shows the Group's currency exposures that give rise to net currency gains and losses recognised in the profit and loss account. Such exposures relate to monetary assets (liabilities) that are not denominated in the operating or functional currency of the Group's subsidiaries. The amounts shown in the table below take into account the effect of hedging instruments used to manage the Group's currency exposures.

	Net foreign currency monetary assets (liabilities)					Total £m
	Sterling £m	US dollars £m	Can dollars £m	Euro £m	Others £m	
Functional currency of Group operations:						
Sterling	—	36.4	(15.6)	(2.6)	0.7	18.9
US dollars	(1.5)	—	—	—	—	(1.5)
Canadian dollars	—	1.1	—	—	—	1.1
Euro	(3.4)	0.2	—	—	—	(3.2)
Other currencies	(0.2)	0.5	—	—	(0.7)	(0.4)
<b>Total</b>	<b>(5.1)</b>	<b>38.2</b>	<b>(15.6)</b>	<b>(2.6)</b>	<b>—</b>	<b>14.9</b>

## Notes to the Financial Statements

continued

### 27. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

#### Interest rate risk profile of financial liabilities

The Group's financial liabilities comprise gross borrowings of £96.8m (2000 – £127.3m) (note 26), £8.3m (2000 – £13.5m) of other creditors due after more than one year and £3.0m (2000 – £3.0m) of provisions (note 28).

The interest rate and currency profile of the Group's financial liabilities after taking into account the effect of interest rate and foreign currency swaps is set out below:

Currency	2001				2000			
	Total £m	Floating rate £m	Fixed rate £m	Interest free £m	Total £m	Floating rate £m	Fixed rate £m	Interest free £m
Sterling	6.7	3.2	—	3.5	22.8	14.6	—	8.2
US dollars	65.8	0.4	65.3	0.1	58.6	47.2	10.6	0.8
Canadian dollars	32.9	16.1	13.1	3.7	54.9	47.8	5.0	2.1
Euro	2.7	1.0	0.4	1.3	6.5	4.2	0.4	1.9
Other currencies	—	—	—	—	1.0	1.0	—	—
	<b>108.1</b>	<b>20.7</b>	<b>78.8</b>	<b>8.6</b>	<b>143.8</b>	<b>114.8</b>	<b>16.0</b>	<b>13.0</b>

Currency	2001		2000	
	Weighted average fixed interest rate (%)	Weighted average fixed rate period (years)	Weighted average fixed interest rate (%)	Weighted average fixed rate period (years)
US dollars	6.1	1.3	8.4	2.0
Canadian dollars	5.1	1.3	6.1	1.8
Euro	3.8	2.5	3.8	3.4

Floating rate financial liabilities bear interest at rates materially based on relevant LIBOR equivalents which are set in advance for periods of up to six months.

An analysis of the Group's financial liabilities maturity profile is set out below:

	2001 £m	2000 £m
Within one year	14.0	27.9
Between one and two years	52.9	13.3
Between two and five years	27.9	88.9
After five years	13.3	13.7
	<b>108.1</b>	<b>143.8</b>

All the Group's creditors falling due within one year (other than bank and other borrowings) are excluded from the above tables as they are of a short term nature. The above information does not include the Company's preference shares which are shown in note 29.

#### Interest rate risk profile of financial assets

The interest rate and currency profile of the Group's financial assets is set out below:

Currency	2001	2000
	Cash and deposits £m	Cash and deposits £m
Sterling	13.8	17.3
US dollars	4.8	4.9
Canadian dollars	3.5	2.8
Euro	1.3	1.4
Other currencies	0.2	0.1
	<b>23.6</b>	<b>26.5</b>

All of the Group's financial assets are of a floating rate nature and earn interest materially based on relevant LIBID equivalents and are all recoverable within one year.

All the Group's debtors due within one year are excluded from the above table as they are of a short term nature.

## Notes to the Financial Statements

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### 27. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

#### Fair values of financial assets and liabilities

Set out below is an analysis of the book and fair values of the Group's financial assets and liabilities by category:

	2001		2000	
	Book value £m	Fair value £m	Book value £m	Fair value £m
<b>Primary financial instruments:</b>				
Short-term borrowings including overdrafts	(13.4)	(13.4)	(18.2)	(18.2)
Long-term borrowings	(83.2)	(89.5)	(108.6)	(109.0)
Cash at bank and in hand	17.5	17.5	14.7	14.7
Short-term deposits	6.1	6.1	11.8	11.8
Other financial liabilities	(11.5)	(11.5)	(17.0)	(17.0)
<b>Derivative financial instruments:</b>				
Interest rate swaps and caps	—	1.9	—	1.2
Currency swaps	—	(0.2)	—	—
Foreign exchange forward contracts	—	—	—	0.3
Average rate cylinder options	—	0.1	—	0.5
Forward interest rate agreements	—	—	—	(0.1)
Oil price futures	—	(0.2)	—	(0.1)
Oil price swaps	—	(0.4)	—	—

Market values have been used to determine the fair values of the derivative instruments.

Borrowings are predominantly at floating rates and interest bearing assets are of a short-term nature and consequently in both cases, fair values closely approximate book values.

Interest rate swaps and caps which hedge against increases in Canadian and US interest rates mature up to March 2007.

Foreign exchange forward contracts hedge against foreign currency trade receivable and payable balances. They mature up to 15 months from the balance sheet date.

Oil price futures and swaps hedge Canadian crude oil inventories which mature up to 15 months from the balance sheet date.

#### Hedging of future transactions

The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and the selling price of crude oil inventory. In particular the Group policy is to hedge material currency exposures on contracted foreign currency denominated sales and purchases using forward contracts, to reduce vulnerability to short-term interest rate movements by the use of interest rate swaps, caps and forward rate agreements and to hedge against unfavourable fluctuations in the selling price of crude oil using oil futures and swaps. The Group also protects a proportion of budgeted overseas profits, where significant, using currency options.

The table below shows the extent to which the Group has unrecognised gains and losses in respect of hedges during the year.

	Unrecognised contracts		Total £m
	Gains £m	Losses £m	
Unrecognised gains/(losses) on hedges at 1 January 2001	2.1	(0.3)	1.8
(Gains)/losses at 1 January 2001 that were recognised in 2001	(0.7)	0.1	(0.6)
Gains/(losses) at 1 January 2001 that were not recognised in 2001	1.4	(0.2)	1.2
Gains/(losses) arising in 2001 that were not recognised in 2001	1.9	(1.9)	—
Unrecognised gains/(losses) on hedges at 31 December 2001	<b>3.3</b>	<b>(2.1)</b>	<b>1.2</b>
The gains/(losses) at 31 December 2001 are expected to be recognised as follows:			
In 2002	0.3	(0.7)	(0.4)
After 2002	3.0	(1.4)	1.6
	<b>3.3</b>	<b>(2.1)</b>	<b>1.2</b>

Unrecognised gains and losses on these hedges are expected to be fully offset, on maturity, against the exposure losses and gains on the underlying transactions.

There are no material gains or losses on hedging instruments within the consolidated balance sheet.

## Notes to the Financial Statements

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### 28. PROVISIONS FOR LIABILITIES AND CHARGES

	Property provisions £m	Deferred tax £m	Total £m
<b>GROUP</b>			
At 1 January 2001	3.0	1.3	4.3
Charged to profit and loss account	—	2.5	2.5
Subsidiary undertakings disposed	—	0.6	0.6
Transfer from corporation tax	—	0.8	0.8
At 31 December 2001	<b>3.0</b>	<b>5.2</b>	<b>8.2</b>

The Group has commitments in respect of leasehold properties, some of which are not used for Group trading purposes and are sublet. Provision is made on a discounted basis for the net rental deficit on these properties over an appropriate period.

	2001 £m	2000 £m
<b>Deferred taxation</b>		
Provision has been made at 30% (2000 – 30%) as follows:		
Accelerated capital allowances	—	0.8
Tax effect of capital losses	—	(0.9)
Other timing differences	5.2	1.4
	<b>5.2</b>	<b>1.3</b>

Deferred taxation of £10.5m (2000 – £9.8m) in respect of accelerated capital allowances and other timing differences, and the potential capital gains tax on the revaluation of properties (Note 16) has not been provided.

Deferred taxation is not provided in respect of liabilities which might arise on the distribution of unappropriated profits of overseas subsidiary, associated and joint venture undertakings.

### 29. SHARE CAPITAL

	Ordinary shares of 25p each No.	Ordinary shares of 25p each £m	8.25% Cumulative Convertible Preference shares of £1 each £m	Total £m
<b>GROUP AND COMPANY</b>				
Authorised	<b>125,093,880</b>	<b>31.3</b>	<b>50.5</b>	<b>81.8</b>
Allotted and fully paid at 1 January 2001	100,597,960	25.2	47.9	73.1
Exercise of options	220,774	—	—	—
Conversion of Preference shares	1,195	—	—	—
At 31 December 2001	<b>100,819,929</b>	<b>25.2</b>	<b>47.9</b>	<b>73.1</b>

The 8.25% Cumulative Convertible Preference shares (“Convertible Preference shares”) carry the right to a fixed cumulative preferential dividend at the rate of 8.25% (net) per annum payable half yearly on 31 May and 30 November.

These shares are convertible into fully paid Ordinary shares (ranking *pari passu* with existing Ordinary shares) on 1 July each year, at the option of the shareholder, on the basis of 34 Ordinary shares for every £100 nominal of Convertible Preference shares converted. The Convertible Preference shares are repayable at par and have no fixed redemption date. On a winding up or other return of capital each Convertible Preference share carries a right in priority to a payment to a holder of any other class of shares. The holders of Convertible Preference shares are not entitled to receive notice, attend or vote at general meetings of the Company, unless the dividend on that class of shares is six months or more in arrears, or, if a resolution is to be proposed considering the winding up of the Company or a resolution is to be proposed, which changes any of the rights of the holders of those shares. On 1 July 2001, 3,524 Convertible Preference Shares were converted.

## Notes to the Financial Statements

continued

### 29. SHARE CAPITAL (continued)

Options outstanding under the Company's share option schemes at 31 December 2001 were:

	No. of Options	Exercise price range p	Exercise Period
Executive Share Options 2001	3,402,410	207.5	28.03.04-27.03.11
Executive Share Options No. 3 Scheme	121,616	173-215	15.04.94-23.11.05
Savings Related Share Options	330,576	148-205	01.01.02-30.11.02
Long-Term Executive Share Incentive Plan	304,000	Nil	01.01.02-31.10.02
Total Options Outstanding	<b>4,158,602</b>		

The outstanding options under the Executive Share Options No. 3 scheme are eligible for exercise. No further options can be granted under this scheme. The number of Ordinary shares over which options may be granted under the Savings Related Share Option Scheme, when aggregated with grants and issues under any other executive or employee share schemes, is limited to 10% of the issued Ordinary shares in any period of ten years.

### 30. RESERVES

	Share premium £m	Revaluation reserve £m	Profit and loss account £m	Total £m
<b>GROUP</b>				
At 1 January 2001	41.0	24.3	0.5	65.8
Currency translation differences*	—	(0.4)	(1.5)	(1.9)
Share capital issued	0.2	—	—	0.2
Goodwill written back on disposals	—	—	10.6	10.6
Transfer to profit and loss account	—	(9.8)	9.8	—
Retained profit for the year	—	—	21.0	21.0
At 31 December 2001	<b>41.2</b>	<b>14.1</b>	<b>40.4</b>	<b>95.7</b>
<b>COMPANY</b>				
At 1 January 2001	41.0	—	16.7	57.7
Share capital issued	0.2	—	—	0.2
Retained profit for the year	—	—	49.2	49.2
At 31 December 2001	<b>41.2</b>	<b>—</b>	<b>65.9</b>	<b>107.1</b>

\*Currency translation differences include a credit for the year of £0.5m (2000 – £3.2m charge) to reserves in respect of differences arising on the retranslation of foreign currency borrowings used to finance equity investments in overseas subsidiaries.

Group reserves include £0.1m (2000 – £4.4m) in respect of the Group's share of the post acquisition reserves of associated and joint venture undertakings.

The cumulative amount of goodwill charged to reserves since 1989, net of amounts reinstated in respect of disposals, is £30.0m (2000 – £40.6m). The £9.8m transfer from revaluation reserve to profit and loss account is in respect of properties disposed of with the sale of the Defence interests.

### 31. SHAREHOLDERS' FUNDS

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
<b>EQUITY SHAREHOLDERS' FUNDS</b>				
Ordinary share capital	25.2	25.2	25.2	25.2
Share premium	41.2	41.0	41.2	41.0
Revaluation reserve	14.1	24.3	—	—
Profit and loss account	40.4	0.5	65.9	16.7
	<b>120.9</b>	<b>91.0</b>	<b>132.3</b>	<b>82.9</b>
<b>NON-EQUITY SHAREHOLDERS' FUNDS</b>				
Preference share capital	47.9	47.9	47.9	47.9
	<b>168.8</b>	<b>138.9</b>	<b>180.2</b>	<b>130.8</b>

## Notes to the Financial Statements

continued

### 32. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £m	2000 £m
Operating profit	44.1	41.9
Depreciation, amortisation and provision for impairment	19.0	20.0
(Profit) on disposal of fixed assets	(0.4)	(0.3)
(Profit) on disposal of joint venture and associated undertakings	(1.6)	(1.0)
Share of operating (profits) of associated and joint venture undertakings	—	(2.1)
(Increase) decrease in stocks	(10.4)	1.8
Decrease in debtors	3.3	29.9
Increase (decrease) in creditors	1.7	(29.3)
(Decrease) in provisions	—	(0.7)
Net cash inflow from operating activities	<b>55.7</b>	<b>60.2</b>

### 33. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	2001 £m	2000 £m
At 1 January	235.3	222.7
Net cash (outflow) inflow from financing	(25.1)	7.1
Loans acquired with subsidiary undertakings	—	0.9
Finance leases disposed of with subsidiary undertakings	(0.1)	—
Exclusion of subsidiary	(0.8)	—
Inception of finance lease contracts	—	0.2
Exchange rate movements	(0.8)	4.4
At 31 December	<b>208.5</b>	<b>235.3</b>
The balance at 31 December comprises:		
Share capital (including premium)	114.3	114.1
Borrowings (Note 26)	94.0	120.7
Finance lease creditors	0.2	0.5
	<b>208.5</b>	<b>235.3</b>

### 34. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2001 £m	Cash flow £m	Acquisitions and disposals (excluding cash and overdrafts) £m	Exclusion of subsidiary £m	Exchange movements £m	At 31 Dec 2001 £m
Cash at bank and in hand	14.7	3.0	—	(0.2)	—	17.5
Overdrafts	(6.1)	3.3	—	—	0.2	(2.6)
		<u>6.3</u>				
Borrowings due after one year	(108.6)	24.8	—	—	0.6	(83.2)
Borrowings due within one year	(12.1)	0.3	—	1.0	—	(10.8)
Finance leases	(0.5)	0.2	0.1	—	—	(0.2)
		<u>25.3</u>				
Money market deposits	11.8	(5.7)	—	—	—	6.1
Total net debt (Note 26)	<b>(100.8)</b>	<b>25.9</b>	<b>0.1</b>	<b>0.8</b>	<b>0.8</b>	<b>(73.2)</b>

## Notes to the Financial Statements

continued

<b>35. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>	2001 £m	2000 £m
Increase (decrease) in cash during the year	6.3	(16.1)
Decrease (increase) in debt and lease financing	25.3	(7.8)
(Decrease) increase in liquid resources	(5.7)	1.0
Changes in net debt resulting from cash flows (Note 34)	<u>25.9</u>	<u>(22.9)</u>
Purchase of fixed assets financed by finance leases	—	(0.2)
Loans and money market deposits acquired with subsidiary (net)	—	(0.2)
Finance leases disposed of with subsidiary	0.1	—
Exclusion of subsidiary	0.8	—
Foreign currency translation differences	0.8	(3.7)
Movement in net debt for the year	<u>27.6</u>	<u>(27.0)</u>
Net debt at 1 January (Note 34)	<u>(100.8)</u>	<u>(73.8)</u>
Net debt at 31 December (Note 34)	<u><b>(73.2)</b></u>	<u><b>(100.8)</b></u>

### 36. PURCHASE OF SUBSIDIARY UNDERTAKINGS

a) On 19 March 2001 the assets of Vinson were acquired for £37.5m in cash of which £0.6m is deferred. This and the other acquisitions during the year have been accounted for under the acquisition method and details of the net assets acquired are shown below:

	Vinson £m	Others £m	Total £m
<b>Net assets acquired</b>			
Tangible fixed assets	2.2	4.9	7.1
Stocks	47.5	1.8	49.3
Debtors	4.0	0.9	4.9
Bank overdrafts	—	(0.7)	(0.7)
Creditors and provisions	(19.4)	(0.3)	(19.7)
Minority interests	—	(0.1)	(0.1)
	<u>34.3</u>	<u>6.5</u>	<u>40.8</u>
Fair value adjustments			
Revaluation of tangible fixed assets	0.5	0.2	0.7
Provisions against receivables	(0.1)	(0.1)	(0.2)
Fair value of assets acquired	<u>34.7</u>	<u>6.6</u>	<u>41.3</u>
Goodwill	2.8	8.0	10.8
Consideration paid	<u><b>37.5</b></u>	<u><b>14.6</b></u>	<u><b>52.1</b></u>

The goodwill arising on these acquisitions is being amortised on a straight line basis over twenty years. This is the period over which the Directors estimate that the fair values of the underlying businesses acquired are expected to exceed the fair value of the underlying net assets.

b) The summarised profit and loss account of Vinson for the period 1 January 2001 to 18 March 2001 being the period from the beginning of its financial year to the effective date of acquisition is disclosed below. Also shown below is the summarised profit and loss account for the year ended 31 December 2000.

	Period 1 January 2001 to 18 March 2001 £m	Year ended 31 December 2000 £m
Turnover	<u>39.1</u>	<u>179.4</u>
Operating profit	1.9	5.6
Net interest	<u>(0.1)</u>	<u>(0.3)</u>
Profit before tax	1.8	5.3
Tax	<u>(0.7)</u>	<u>(2.2)</u>
Profit after tax	<u>1.1</u>	<u>3.1</u>

Vinson had no minority interests in either of the financial periods set out above. There were no recognised gains or losses in the period ended 18 March 2001 other than those reflected within the summarised profit and loss disclosed above.

## Notes to the Financial Statements

continued

### 37. DISPOSAL OF SUBSIDIARY UNDERTAKINGS

During the year Defence division subsidiary and associated undertakings and businesses were sold for an aggregate net cash consideration of £109.5m of which £13.6m is outstanding.

	£m
Net assets disposed of	69.0
Goodwill written back	10.6
Profit on disposal	29.9
	<hr/>
Net consideration	<b>109.5</b>

The net consideration shown above reflects the expected outcome of outstanding contractual negotiations for which the Group has retained responsibility.

### 38. CAPITAL COMMITMENTS

Group capital expenditure committed but not provided for in these financial statements amounted £9.3m (2000 – £6.9m).

### 39. LEASES

	2001	2000
	£m	£m
The Group has net obligations payable under finance leases as follows:		
Amounts due within one year (Note 24)	0.1	0.4
Amounts due between one and two years (Note 25)	0.1	0.1
	<hr/>	<hr/>
	<b>0.2</b>	<b>0.5</b>

	Land and buildings		Other	
	2001	2000	2001	2000
	£m	£m	£m	£m
Operating lease rentals payable during the next year are as follows:				
Commitments expiring:				
Within one year	0.4	0.4	0.2	0.1
Between two and five years	2.4	1.9	1.1	2.0
After five years	2.7	3.8	—	—
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>5.5</b>	<b>6.1</b>	<b>1.3</b>	<b>2.1</b>

### 40. PENSION COMMITMENTS

The Group has continued to account for pensions in accordance with Statement of Standard Accounts Practice (“SSAP”) 24 and the disclosures in (a) below are those required under that standard. The disclosures in (b) below are those required under the new accounting standard for pensions, Financial Reporting Standard (“FRS”) 17.

#### a) SSAP 24 pensions disclosure

Within the UK the Group operates a funded defined benefit scheme and a money purchase scheme. The majority of employees are members of one of these arrangements. Pension arrangements are also in place for most overseas employees, principally in the form of money purchase schemes.

The Group’s main UK scheme was subject to a valuation for accounting purposes by Lane Clark & Peacock, consulting actuaries, as at 5 April 2001. The actuarial method used to derive the pension cost was the projected unit method. The major assumptions were a discount rate for liabilities before retirement of 7.5% (2000 – 7.5%) per annum and a discount rate for liabilities after retirement of 6.5% (2000 – 6.5%) per annum, salary rates would increase at an average of 5.5% (2000 – 5.5%) per annum, pensions would increase at 3.0% (2000 – 3.0%) per annum and dividend income would grow at 4.3% (2000 – 4.0%) per annum. The market value of the scheme’s assets at 5 April 2001 was £224m and the actuarial value, measured on the actuarial assumptions used for accounting purposes, represented 123% of the value of the benefits that had accrued to members after allowing for expected future increases in pensionable salaries, and for increases to pension payments.

The total pension cost to the Group for all schemes was £0.2m (2000 – £8.3m) of which £2.6m (2000 – £2.7m) relates to schemes outside the UK. The pension credit, included within the total pension cost, in respect of the Group’s main UK scheme amounted to £2.5m (2000 – a charge of £1.3m) which includes allowance for amortisation of surpluses arising at each of the valuations since 1993. These surpluses are being amortised over the expected average remaining service life of the members at the date of the valuations using the straight-line method of amortisation. During 2001 there were employer contributions totalling £1.0m (2000 – £1.4m). The prepayment of £15.8m (2000 – £12.3m) representing the excess of the amounts funded over the pension charge is included as part of the total prepayment included in debtors. There are no other significant post-retirement benefits.

## Notes to the Financial Statements

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### b) FRS 17 pensions disclosure

As at 31 December 2001

	UK	Canada
<b>The main assumptions used for FRS 17 purposes were:</b>		
Rate of increase in salaries	4.5% pa	4.5% pa
Rate of increase in pensions in payment	2.5% pa	2.5% pa
Discount rate	5.8% pa	7.0% pa
Inflation	2.5% pa	3.0% pa

The expected rates of return, the schemes assets and liabilities and the contributions made were:

#### – Long term rate of return expected at 31 December 2001

Equities	8.0% pa	7.0% pa
Bonds	5.3% pa	4.0% pa

	UK £m	Canada £m	Total £m
<b>– Value at 31 December 2001</b>			
Equities	148.8	1.3	150.1
Bonds	64.2	1.2	65.4
Other	0.2	—	0.2
Total market value of assets	213.2	2.5	215.7
Present value of scheme liabilities	(150.9)	(2.0)	(152.9)
Surplus in scheme	62.3	0.5	62.8
Related deferred tax liability			(18.8)
Net pension asset			44.0
<b>– Contributions made during 2001</b>	1.0	—	1.0

The most recent valuation of the UK scheme for accounting purposes was made at 5 April 2001. The most recent valuation of the Canadian scheme for accounting purposes was made at 31 December 2001.

If the above amounts had been recognised in the financial statements, the Group's net assets and profit and loss reserve at 31 December 2001 would be as follows:

	Net assets £m	Profit and loss loss reserve £m
As reported	213.0	40.4
Deduct SSAP 24 pension asset (net of deferred tax)	(11.0)	(11.0)
Add FRS 17 net pension asset	44.0	44.0
Revised	246.0	73.4

### 41. CONTINGENT LIABILITIES

There are contingent liabilities arising in the ordinary course of business in respect of litigation and guarantees for which the Directors believe adequate provisions have been made in the accounts. The Company has guaranteed borrowings of £93.4m (2000 – £117.9m) by Group companies.

### 42. POST BALANCE SHEET EVENTS

On 2 January 2002 the Group acquired the share capital of Moose Jaw Asphalt Inc for £14.4m.

## Principal Subsidiary and Associated Undertakings

OIL ACTIVITIES	Country of incorporation and operations	Business
<b>Gibson Petroleum Company Limited (64%)</b>	Canada	Oil and gas marketing and distribution
Moose Jaw Asphalt Inc.	Canada	Asphalt manufacturing and marketing
<b>Hunting Oilfield Services (International) Limited</b>	England	Oilfield services
Hunting Oilfield Services (UK) Limited (60%)	England & Holland	Oilfield services
Hunting Oilfield Services Limited	England	Oilfield services
Hunting Oilfield Services Holdings Inc.	USA & Venezuela	Oilfield services
Hunting Performance LLC	USA	Manufacture of drilling equipment
Hunting Energy Services, L.P.	USA	Oilfield and trenchless drilling products and services
Hunting Oilfield Services (Canada) Limited	Canada	Oilfield services
Hunting Oilfield Services (International) Pte Limited	Singapore	Oilfield services
Hunting Airtrust Tubulars Pte Limited (50%)‡	Singapore & China	Oilfield services
<b>Tenkay Resources Inc.</b>	USA	Oil and natural gas exploration
<b>Hunting Petroleum France SA†</b>	France	Holding company
Société Internationale d'Equipements et de Réalisations Pétroliers et Chimiques SA	France	Refinery and pipeline equipment
Larco SA†	France	Petroleum equipment
Investissement Conception Réalisation (80%)†	France	Oil facilities consultancy
<b>Hunting Industrial Coatings Limited</b>	England & USA	Protective coatings
Hunting Custom Packaging Inc.	USA	Customised packaging
Hunting Pipeline Services LLC	USA	Pipeline rehabilitation products
Hunting HTI Rehab, Inc., LLC (60%)	USA	Pipe joint seals
<b>E. A. Gibson Shipbrokers Limited</b>	England	Shipbroking
<b>Field Aviation Company Inc.</b>	Canada	Aircraft engineering services
<b>Aero Sekur SpA</b>	Italy	Manufacture of rubber and textile products

## Principal Subsidiary and Associated Undertakings

CORPORATE ACTIVITIES	Country of incorporation and operations	Business
Huntaven Properties Limited*	England	Group properties
Hunting Knightsbridge Holdings Limited*	England	Finance
Hunting Knightsbridge U.S. Finance Limited	England	Finance
Hunting U.S. Holdings Inc.	USA	Holding company
Hunting America Corporation	USA	Finance
Hunting-BRAE Limited (51%)	England	Holding company

### Notes

- 1 Certain subsidiary and associated undertakings have been excluded from the above where in the opinion of the Directors they do not have a material bearing on the profits or assets of the Group.
- 2 Except where otherwise stated companies are wholly-owned being incorporated and operating in the countries indicated.
- 3 Interests in companies marked \* are held directly by Hunting PLC.
- 4 Subsidiary and associated undertakings marked † are audited by firms other than PricewaterhouseCoopers.
- 5 Associated undertakings are marked ‡ above.

## Financial Record

	2001 £m	2000 £m	1999 £m	1998 £m	1997 £m
Turnover					
Continuing operations	935.1	875.6	517.5	480.7	706.2
Discontinued operations	100.2	340.3	534.1	501.1	610.5
	<b>1,035.3</b>	<b>1,215.9</b>	<b>1,051.6</b>	<b>981.8</b>	<b>1,316.7</b>
Operating profit (loss)					
Continuing operations	45.2	29.7	6.9	21.3	30.0
Discontinued operations	(1.1)	12.2	28.8	29.7	22.7
	44.1	41.9	35.7	51.0	52.7
Exceptional items	27.0	—	—	(5.1)	(5.9)
	71.1	41.9	35.7	45.9	46.8
Finance charges	(6.1)	(8.5)	(5.6)	(5.5)	(8.0)
Profit before taxation	65.0	33.4	30.1	40.4	38.8
Taxation	(19.7)	(12.8)	(8.7)	(11.3)	(12.1)
Profit after taxation	45.3	20.6	21.4	29.1	26.7
Equity minority interests	(4.4)	(5.2)	(7.5)	(7.5)	(9.2)
Profit for the year	<b>40.9</b>	<b>15.4</b>	<b>13.9</b>	<b>21.6</b>	<b>17.5</b>
Basic earnings per share	36.9p	11.5p	10.0p	17.6p	13.7p
Dividend per share	16.0p	9.25p	9.25p	9.25p	9.25p
Fixed assets	182.9	193.6	153.0	140.8	143.2
Net current assets	130.7	116.5	117.5	102.9	116.2
	<b>313.6</b>	<b>310.1</b>	<b>270.5</b>	<b>243.7</b>	<b>259.4</b>
Financed by:					
Shareholders' funds (including minorities)	213.0	182.8	176.8	163.8	155.4
Long term creditors and provisions	100.6	127.3	93.7	79.9	104.0
	<b>313.6</b>	<b>310.1</b>	<b>270.5</b>	<b>243.7</b>	<b>259.4</b>
Net assets per share	<b>212.0p</b>	<b>181.7p</b>	<b>175.8p</b>	<b>162.8p</b>	<b>155.8p</b>

## Shareholder Information

### FINANCIAL CALENDAR 2002

April 30	Annual General Meeting
May 31	8.25% Preference Dividend Payment
July 3	Final Ordinary Dividend Payment
September	Announcement of Interim Results
November 29	8.25% Preference Dividend Payment
December	Ordinary Interim Dividend Payment

### ANALYSIS OF ORDINARY SHAREHOLDERS

The Company has 1,911 Ordinary shareholders (2000 – 1,950) who hold 100.8 million (2000 – 100.6 million) Ordinary shares analysed as follows:

	2001 % of total shareholders	2001 % of total shares	2000 % of total shareholders	2000 % of total shares
<b>SIZE OF HOLDINGS</b>				
1 – 4,000	74.83	1.43	74.61	1.50
4,001 – 20,000	15.86	2.71	16.00	2.76
20,001 – 40,000	2.20	1.17	2.31	1.27
40,001 – 200,000	3.92	7.12	3.85	7.22
200,001 – 500,000	1.67	9.83	1.69	9.76
500,001 and over	1.52	77.74	1.54	77.49

### SHARE INFORMATION

The Shares of the Company are quoted on London Stock Exchange plc

Ordinary shares

Tel: 0906 0032942

Convertible Preference Shares

Tel: 0906 0035244

### MARKET MAKERS

The following companies have indicated to the London Stock Exchange that they make a market in the Company's

Ordinary shares:

Credit Suisse First Boston

Merrill Lynch International

Williams de Broë

Winterflood Securities

## Professional Advisers

### Solicitors

CMS Cameron McKenna

### Auditors

PricewaterhouseCoopers

### Brokers

Credit Suisse First Boston (Europe) Limited

### Merchant Bankers

Close Brothers Corporate Finance Limited

### Insurance Brokers

Willis Group Limited

### Pension Advisers & Actuary

Lane Clark & Peacock

### Registrars and Transfer office

Lloyds TSB Registrars,  
The Causeway, Worthing,  
West Sussex BN99 6DA  
Telephone 01903 502541

Registered Office: 3 Cockspur Street, London SW1Y 5BQ  
Registered Number: 974568 (Registered in England and Wales)  
Telephone: 020 7321 0123 Facsimile: 020 7839 2072  
Internet Web Site: [www.hunting.plc.uk](http://www.hunting.plc.uk)



3 Cockspur Street, London SW1Y 5BQ  
Tel: 020 7321 0123 Fax: 020 7839 2072  
[www.hunting.plc.uk](http://www.hunting.plc.uk)