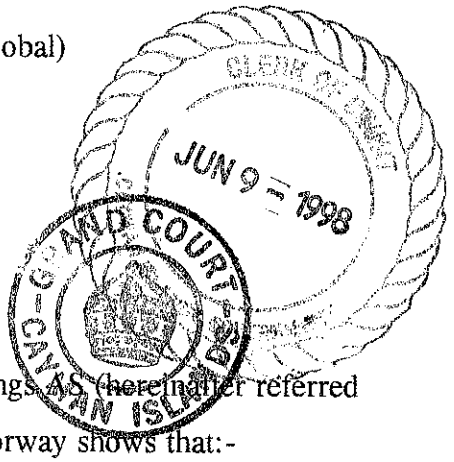
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: 356 OF 1998

In the Matter of The Companies Law (1995 Revision)

And in the Matter of Grieg LeKarz Offshore Based Alliances (Global)



PETITION

TO THE GRAND COURT OF THE CAYMAN ISLANDS

The humble petition of Joachim Grieg & Co. AS and Grieg Holdings AS (hereinafter referred to as the "Petitioners") of C. Sundts gt 17/19, N-5004 Bergen, Norway shows that:-

1. Grieg LeKarz Offshore Based Alliances (Global) (otherwise known as Global and hereinafter referred to as the "Company") is a Cayman Islands exempt company which was incorporated on the 17th April, 1996. Its registered office is at Paget-Brown & Company Ltd., P.O. Box 1111GT, 4th Floor, West Wind Building, George Town, Grand Cayman.
2. The Petitioners are companies incorporated in Norway. Joachim Grieg & Co. AS (hereinafter referred to as "Joachim Grieg") is a subsidiary of Grieg Holdings AS. Its sole business is to hold shares. The companies are part of a well known Norwegian group of companies engaged in shipping and related activities.

THE COMPANY

3. The Company has an authorised share capital of US$50,000 divided into 50,000 ordinary shares with a par value of U$1 each. 50,000 shares have been issued of which 1 share is registered as paid up.
4. The Petitioners are holders of 12,500 issued shares each and consequently together hold 50 percent of the issued shares of the Company. The other 50 percent of the issued shares are held by a Cayman Islands incorporated company named Offshore Alliances Corporation

("OAC") which the Petitioners believe is owned and/or controlled by an American national named Ronald LeKarz (hereinafter referred to as "Mr. LeKarz") and a Norwegian national named Hans Eirik Olav (hereinafter referred to as "Mr. Olav").

5. The Register of Members records that on the 17th April, 1996 one fully paid up share was issued to the initial subscriber (who is an officer of Paget-Brown & Company). On the same date this share was transferred to OAC. The Register records that on the 22nd August, 1996 24,999 shares were issued to OAC, and 12,500 shares were issued to each of the Petitioners. The issue was pursuant to a Board Resolution dated the 22nd August, 1996.

6. The first meeting of the Board of Directors was on the 17th April, 1996 and was attended by a nominee director of the incorporators. This meeting dealt with the corporate formalities consequent on incorporation. (It resolved to issue the share for which the officer of Paget-Brown & Company had subscribed and to transfer that share to OAC.) It also resolved to open an account with Barclays Bank Plc with Mr. LeKarz as its authorised signatory and to appoint Mr. LeKarz and Per Grieg Jnr. (hereinafter referred to as "Mr. Grieg Jnr.") as directors of the Company in succession to the nominee corporate director. Mr. Grieg Jnr. was and is a director of Joachim Grieg and Grieg Holdings AS.

7. Mr. LeKarz and Mr. Grieg Jnr. remain the sole directors. Mr. LeKarz acted as managing director of the business which was operated in Indonesia. Until January 1997 Grieg Holdings AS provided formal management services from Norway.

8. The corporate records do not disclose any meeting of the members of the Company.

THE JOINT VENTURE

9. The objects for which the Company is established are unrestricted and the Company has full power and authority to carry on any object not prohibited by any law as provided by Section 6(4) of the Companies Law (1995 Revision).

10. The Company was, however, formed as a joint venture vehicle which would hold shares in an Indonesian subsidiary operating company for the sole purpose of developing shipping and energy related projects principally in Indonesia.

11. The joint venture between Grieg Holdings AS and Messrs. LeKarz and Olav (through their nominee company) (collectively the "Joint Venturers") was evidenced by a Memorandum of Agreement of the 11th January, 1996 and an Addendum to the Memorandum of Agreement of the 15th March, 1996. OAC had not been incorporated when the Shareholders Agreement was reached. On its incorporation it was nominated by Messrs. LeKarz and Olav to become the 50 percent shareholder in the joint venture company.

12. Under the terms of the Joint Venture Agreement all rights to existing and future projects (to be defined by a list of projects) developed by Messrs. LeKarz and Olav were to be transferred to OAC and then assigned to the new joint venture vehicle as a capital contribution for 50 percent of the ownership rights. No assignment or transfer of rights was in fact formally executed by OAC. The Petitioners in consideration for 50 percent of the shares in the joint venture vehicle agreed to lend funding for the operating costs of the first year of operation of the joint venture vehicle estimated to be US$400,000. The Petitioners also agreed to pay US$200,000 upon receipt of documented evidence that Messrs. LeKarz and Olav (or their nominee) produced signed and sealed documents evidencing that they had been designated by the proper authorities to handle a certain transportation contact on an exclusive basis, which were in turn to be transferred to the Company. Although documents were presented and US$200,000 was in fact paid by Grieg Holdings AS on behalf of the Company as an advance of the anticipated profit on the project, the Petitioners contend that the documents did not transpire to be the appropriate evidence of designation which was never in fact made.

13. The Joint Venture Agreement also provided that net profits on any projects signed from the deemed commencement of operations (19th January, 1996) were to be distributed to shareholders 70 percent in favour of Messrs. LeKarz and Olav and 30 percent to the Petitioners. Thereafter profits were to be divided equally. All profits were to be distributed to the shareholders on a yearly basis unless otherwise agreed.

14. Mr. LeKarz made all arrangements for the incorporation of the Company including preparation of its Memorandum and Articles of Association.

15. The Addendum to the Memorandum of Agreement reflected an agreement that the Articles of Association should require unanimous agreement between the Joint Venturers or at a minimum a two-thirds majority in respect of every decision relating to the joint venture vehicle. There should be no casting vote for a chairman. In fact, however, Article 57 provides that in the case of an equality of votes at General Meeting the Chairman shall be entitled to a second or casting vote. Article 52 provides that the Chairman to preside over a General Meeting of the Company shall be the Chairman, if any, of the Board of Directors. By Article 86 the Chairman of the Board of Directors shall have a second or casting vote at a Board Meeting in the case of an equality of votes. By Article 87 the quorum necessary for the transaction of business of directors may be fixed by the Board of Directors and unless fixed shall be one. By Article 9 the Board of Directors may elect a Chairman of their meeting and determine the period for which he is to hold office. In the absence of such election the directors present may choose one of their number to be Chairman of the meeting. No Chairman has been elected by the Board.

16. By Article 91 the Board of Directors may delegate any of their powers to committees. No such delegation has been agreed by the Board. Under the aegis of the Company there was a forum for discussions between the Joint Venturers which was variously described as the executive board or executive committee. The members of the Committee were Messrs. Olav, LeKarz and Grieg Jnr., Mr. Kiswanto who was an Indonesian, Mr. Knut E. Istatd, an Officer of Grieg Holdings AS and Joachim Grieg and Mr. Borresen who was the Chief Executive Officer of a Norwegian limited partnership (hereinafter referred to as the "Limited Partnership") which operated a ship broking business and of which Joachim Grieg was a partner. This Board or Committee was granted no executive power.

17. From time to time reports were made to this Committee. The last meeting of the Committee was in August 1997

THE OPERATIONS OF THE COMPANY

18. Messrs. LeKarz and Olav represented that several of the projects they would bring into the joint venture were concrete and close to being realised. On the presumption that this was

correct, it was forecast that the joint venture would run at a profit within the first year. In fact the projects were not concrete or close to being realised and none were in fact realised.

19. It was agreed that after 6 months of operation (as from the 19th January, 1996), and if no income had been generated, either of the joint venture parties had the option to terminate the joint venture. In the event that additional funding was necessary after 1 year of operation (as from the 19th January, 1996) the parties would either provide any necessary additional working capital or close down the Company.

20. Grieg Holdings AS provided the agreed funding but the Company concluded no project and never made a profit. It never generated income and therefore had no income (save that provided by the Petitioners) to meet expenditure. It could not function without continued funding from the Petitioners.

21. Mr. LeKarz was delegated the responsibility to take the necessary steps to incorporate the Indonesian operating company which was to be called Pt Grieg LeKarz Indonesia. The Indonesian company was never incorporated.

22. On the 22nd August, 1996, after the 6 months milestone referred to in the Memorandum of Agreement and its Addendum, the Joint Venturers met in Bergen, Norway. Notwithstanding that there were no concrete business opportunities which had materialised and on the strength of representations by Messrs. LeKarz and Olav that there were projects which had potential Grieg Holdings AS did not terminate the Joint Venture Agreement. Instead the directors' meeting was held on the 22nd August, 1997 (described as the first meeting of directors) which resolved to issue the shares to the Petitioners. They were then presented with the Articles of Association. Grieg Holdings AS agreed to continue the Joint Venture to the next anniversary contemplated by the John Venture Agreement i.e. 19th January, 1997. The parties continued negotiations about funding required and profit split.

THE BONTANG WATER PROJECT

23. A provincial government in Indonesia planned to have a clean water facility in Bontang for domestic and industrial users. This entailed the construction of a pipeline and a facility to provide clean water in the hopes of developing the area and encouraging local industry.

The profit would be dependent on the success of that objective. An Indonesian company called Pt Gading Mandala Utama ("GMU"), with which the son of the former Indonesian President was closely connected, was granted a concession to develop the project. The development and construction was to be financed by private capital and by means of a build/own/operate/transfer concession ("BOOT") which would construct and operate the facility for a given number of years after which it would be transferred without consideration to the provincial government.

24. The project was founded on the strength of a decree by the then Governor of the province in which he canceled permission to use ground water as a source of supply for clean water in the region whenever an alternative came into existence. GMU was then granted formal permission to undertake the project exclusively for a 25 year concessionary period. Petitioners for foreign investment in Indonesia is required ultimately deriving from the Ministry of Finance. The Petitioners contend that final commitment and exclusive rights of the project could only be obtained from the Indonesian authorities if the appropriate persons were persuaded that the project was well planned and properly financed and deemed by them advantageous.

25. The Petitioners contend that personal contacts with influential members of the Indonesian establishment are critical to the success of any project in which the Indonesian or provincial governments is involved.

26. The success of the scheme required the participation of an engineering company and the successful negotiation and agreement for the use of water on a profitable basis with the principal industrial consumers in the area. It also required viable investment financing. From 1992 to 1996 GMU negotiated with a number of potential foreign investors. It formally determined a relationship involving an Australian participation in joint venture projects at the end of May 1996.

27. On the 9th July, 1996 the Company entered into a Memorandum of Understanding with GMU and a Norwegian company called Kvaerner Water Systems AS ("KWS"). The Memorandum of Understanding provided the parties agreed to work together with the intention of confirming the viability of the project. It provided a let out clause for any

party which did not wish to proceed with the project. In addition to obtaining project financing the Memorandum provided that it would be necessary to conclude agreements necessary for engineering, procurement, construction, turn key design and construction, operating, raw water supply (and agreement with the local authority to the principles of such agreements), water purchase and security and guarantees. These were in addition to the agreements with major consumers without which the scheme was not viable.

28. The Company and KWS entered into a Memorandum of Agreement dated the 9th July, 1996 which provided that KWS and the Company would own 50 per cent of a joint venture with GMU. The proportion of ownership between the Company and KWS was to be discussed. KWS agreed to pay the Company a participation fee on preconditions which included incorporation of a joint venture company with a mutually acceptable shareholders agreement and financing agreements, off takers agreements, all other project agreements necessary to carry out the project and the obtaining of necessary concessions and consents from the relevant Indonesian public authorities.

29. At a meeting on 22nd August, 1996 Mr. LeKarz represented that the Company controlled the situation in such a way that the deal should be considered as concluded. In fact, however, KWS did not go forward with the proposed joint venture. In or about the end of 1996 the negotiations with KWS finally broke down. By the 3rd January, 1997 Mr. Olav reported that KWS was "on hold" and that the agreement was to be terminated. Therafter negotiations were opened with other parties but no agreements were concluded by the time the Joint Venture terminated.

30. The Petitioners contend that the possibility of pursuing the project required the involvement of Mr. Kiswanto who was an Indonesian with extensive contacts with influential figures in Indonesian business and politics. In the latter part of 1996 Mr. Kiswanto became increasingly disenchanted with the activities of Messrs. LeKarz and Olav. This contributed to the view of the Petitioners that Messrs. LeKarz and Olav had not given a fair and true picture of the projects with which the joint venture was to be concerned and that there was an unprofessional unstructured approach to those projects.

31. Following visits to Indonesia in November and December 1996 by Mr. Grieg Jnr. and Mr. Borresen, Grieg Holdings AS determined that it would only provide further funding on a variation of the terms between the Joint Venturers.

32. The Joint Venturers had agreed that after 12 months (from the 19th January, 1996 which was the deemed commencement of the joint venture pursuant to paragraph 3(ii) of the Addendum to the Memorandum of Agreement), the Joint Venture would be dissolved (and thereby impliedly the Company would be dissolved) if no agreement was reached to continue it or provide working capital for it.

33. Grieg Holdings AS had provided all the funding for the joint venture (by lending funds which the Petitioners contend are repayable to Grieg Holdings AS by the Company). All those funds had been used in operating costs. Without further funding the Company could not meet any salaries or expenses.

34. In January 1997 negotiations between Mr. Grieg Jnr. and Mr. LeKarz for a continuation of the joint venture finally failed. By a letter dated the 20th January, 1997 Mr. LeKarz refused to accept proposals for a compromise and stated that "technically our joint venture ceased to exist on the 19th January, 1997".

35. Grieg Holdings AS accepted the termination of the joint venture and acted to salvage the possibility of pursuing the Bontang Water Project with other joint venture partners. Mr. Borresen entered into discussions with Mr. Kiswanto to enlist his assistance. An Indonesian company was incorporated called Pt Grieg Arudji Indonesia to pursue the Bontang Water Project.

EFFORTS TO WIND UP THE COMPANY

36. On the 10th February, 1997 Joachim Grieg through Mr. Grieg Jnr. requested a general meeting in Norway on 21st February, 1997 to resolve to wind up the Company. The firms of Coopers & Lybrand in Norway and in the Cayman Islands were approached to act as liquidators of the Company. In response, Mr. LeKarz, without authority, instructed a Norwegian law firm ostensibly on behalf of the Company to make claims against "the Grieg group". No reference was made to Mr. Grieg Jnr. who is the only other director

and no authorisation was sought of shareholders in a General Meeting of the Company. The Petitioners do not know what, if any, assets of the Company were used or what agreements were entered into engaging lawyers or otherwise in these threatened proceedings.

37. The Petitioners, who did not have Cayman Islands legal advice, then believed that there was no right to pass a resolution to wind up the Company without the votes of all the shareholders. Consequently they did not attempt to hold a meeting and vote for a winding up.

38. On the 24th April, 1997 Joachim Grieg again requisitioned a general meeting of the Company to pass a resolution to wind it up. The meeting was to be held on the 12th May, 1997. By a letter dated the 8th May, 1997 Mr. LeKarz stated that under Cayman Islands law a call for a meeting in Norway was invalid because it was "premature" and outside the Cayman Islands. Without Cayman Islands legal advice and believing that the Company was in any event defunct the Petitioners accepted Mr. LeKarz' expertise and consequently did not hold the meeting to pass the resolution for winding up.

39. By letters dated 29th May, 1998 the Petitioners through their attorneys, Maples and Calder again sought agreement from OAC and Mr. LeKarz to wind up the Company. By a letter dated 5th June, 1998 to Maples and Calder, Mr. LeKarz confirmed that he would not agree that the Board should meet to wind up the Company (sic) as long as there are outstanding litigation's (sic).

PROCEEDINGS

40. When negotiations between Grieg Holdings AS and Messrs. LeKarz and Olav were first conducted in 1995, Mr. Olav represented that his financial situation was perilous. In anticipation that the negotiations for a joint venture in Indonesia would be successful, a job was offered to Mr. Olav by the Limited Partnership. An employment agreement was concluded in writing on the 18th December, 1995 which provided that, to the extent time permitted after engagement on the planned joint venture, Mr. Olav was to undertake ordinary brokerage and contracting work for the Limited Partnership relating to its shipping business. On 21st March, 1997 the Limited Partnership terminated the

employment contract with Mr. Olav. The reason for the termination was Mr. Olav's failure to comply with his obligations as an employee of the Limited Partnership following the break-down of the Joint Venture and his subsequent conflict of interest as a shareholder of OAC.

41. On the 11th June, 1997 attorneys for Mr. Olav filed a writ of summons in the Oslo City Court in Norway against the Limited Partnership. He claimed a declaration that a notice of dismissal in respect of his employment be ruled invalid and claimed compensation for financial and non financial loss. In his claim, Mr. Olav asserted that the true reason for his dismissal was "Grieg's" overriding objective of gaining full control over the projects in Indonesia. He asserted criminal acts may have been committed in connection with an alleged breach of the Joint Venture Agreement. He also asserted that one party to the Joint Venture could not wind up the Company (even in circumstances where the parties failed to agree on continued financing because Clause 3(iii) of the Memorandum of Agreement is to be construed to mean that both parties have to agree to close down the Company or provide additional working capital. In the absence of agreement the Company is to continue). The allegation therefore is that one party to the joint venture could unilaterally decide to continue the joint venture indefinitely even without funding.

42. On the 26th March, 1998 an amended complaint filed in the Circuit Court for Harris County in Maryland U.S.A. was purportedly served in Norway upon, inter alios, the Petitioners. In it Mr. LeKarz brings proceedings for defamation in which he claims injury to reputation and that he has been "deprived of earnings, gains and profits by loss of business he would have had in the sum of US$2,677,500" and damages for being "otherwise greatly injured in his business" of US$108,000,349. The proceedings are brought against the Petitioner and an affiliate of Grieg Holdings AS called Grieg Shipping AS. It is alleged that from the 31st January, 1997 the Defendants (in those proceedings) undertook a defamatory campaign against Mr. LeKarz. The damages claimed by Mr. LeKarz are interrelated with the claims now asserted purportedly on behalf of the Company.

43. On the 9th September, 1997 the law firm of Quin & Hampson purportedly acting on behalf of the Company issued a Writ endorsed with a Statement of Claim in Cause No. 678 of 1997. In summary it alleged against the Petitioners, Mr. Grieg Jnr. and Mr. Borresen:

    (i) breaches of Mr. Grieg Jnr's fiduciary duty to the Company with the connivance and assistance of the other Defendants by which it is said business projects, business opportunities, the whole of the Company's assets, business undertakings and goodwill were diverted from the Company to an Indonesian company said to be controlled by all of the Defendants; and

    (ii) damages for breaches of express and/or implied terms of an agreement by Grieg Holdings AS which were wrongfully induced and procured by the other Defendants who were instrumental in and arranged for the wrongful diversion of the whole of the Company's business to the Indonesian company.

44. Quin & Hampson claim in the Statement of Claim that the Company is entitled to the benefit of the Joint Venture Agreement, that there has been a breach of the agreement by the Defendants (in the Cayman proceedings) and accordingly it has a cause of action in respect of the alleged breach.

45. On the 29th October, 1997 Quin & Hampson sought leave to serve the Writ and all further orders and process on the Defendants out of the jurisdiction. On the 6th November, 1997 leave was granted to serve out of the jurisdiction on each of the Defendants. On the 13th March, 1998 the Defendants filed an application pursuant to GCR O.12, r.8 challenging the jurisdiction. The return date for the hearing was originally fixed for the 1st June, 1998 and subsequently adjourned by agreement to the 30th June, 1998.

46. On the 2nd April, 1998 Quin & Hampson issued a further Summons seeking to strike out the Defendants' application under GCR O.12, r.8 for want of prosecution or on the grounds that it was scandalous, frivolous, and/or vexatious and/or constituted an abuse of the process and sought to enter judgment.

47. To date Quin & Hampson have not served an affidavit in response to the application for GCR O.12, r.8 and the affidavit dated the 3rd April, 1998 of Mr. Grieg Jnr. in support of the application.

48. The Petitioners contend that the Company is being used to prosecute what is in reality a shareholders dispute.

CONTROL OF THE COMPANY

49. On the 22nd August, 1997 Mr. LeKarz sent to Mr. Grieg a faxed notice of a meeting of the Board of Directors. The notice stated "the meeting will be held at {Montgomery Rd., Ellicott City, Maryland, USA Fax. # 410-750-2152 Tel. #410-750-0320} on {the 29th day of August 1997 at 1400 Hours GMT time} which you may attend by telephone in accordance with Article 94 of the Company's articles of association" and proposed a resolution "that the Company should be at liberty to bring proceedings in any jurisdiction in relation to the removal or diversion of the projects, its assets and/or corporate opportunities against any persons {legal or natural} suspected of being so responsible either directly or indirectly". The significance of the brackets for the place and time of the meeting were not explained. Mr. Grieg Jnr. did not understand the significance of the proposed resolution and did not believe that Mr. LeKarz could pass such a resolution in respect of a defunct company. He did not participate in the meeting. On the 29th August, 1997 Mr. LeKarz purportedly approved the resolution.

50. In an affidavit in support of the application for leave to serve out of the jurisdiction filed by Mr. Harris, an attorney with the firm of Quin & Hampson, on the 28th October, 1997, it was stated that instructions were given on behalf of the Company in the proceedings from Mr. LeKarz and Mr. Olav. Mr. Olav occupies no position of authority in the Company although of course he is one of the Joint Venturers through OAC. Nonetheless, he has apparently assumed a position of authority without the approval of the Board of Directors or of the shareholders and Quin & Hampson accept instructions from him.

51. On the strength of this purported resolution Mr. LeKarz and, possibly, Mr. Olav have instructed Quin & Hampson and English leading counsel purportedly on behalf of the Company and have caused the proceedings in Cause No. 678 of 1997 to be issued. Quin

& Hampson act and have acted for Mr. LeKarz and Offshore Alliances Corporation. They have accepted instructions knowing that the only other member of the Board has not approved the action and that if any Board meeting were held there would be inevitably deadlock on whether any further steps should be taken in the proceedings. It is apparent from correspondence between Quin & Hampson and Maples and Calder, that Quin & Hampson intend if possible to defend the GCR O.12, r.8 application and to pursue all steps necessary in the action on the instructions of Mr. LeKarz (and perhaps Mr. Olav) notwithstanding that they know that the Board of Directors acting together would not possibly approve it.

52. In effect therefore Messrs. LeKarz and Olav are purporting to commit the Company to litigation, enter agreements and conduct the affairs of the Company without reference to the Board of Directors or the shareholders.

53. In a press report in a Norwegian newspaper dated the 1st October, 1997 two Norwegians described as investors were said to be financing the law suit by "former partners" of the Grieg group of companies and Mr. Grieg Jnr. through a company called Eternal Venture. They undertook to finance the law suit in return for a share of any compensation that the Company, Mr. LeKarz or Mr. Olav are awarded. The agreement has been confirmed to the Petitioners by one of the two Norwegians concerned although the details remain unknown to the Petitioners.

54. It appears, therefore, that Mr. LeKarz and, possibly, Mr. Olav have concluded an agreement on behalf of the Company which reportedly permits third parties a share in any recovery without reference to the Board of Directors or the shareholders. The Petitioners contend, that the information relating to the funding for the litigation and the consequences of the Company are being withheld from Mr. Grieg Jnr. (a director) and the Petitioners (the shareholders and Joint Venturers).

FINANCIAL CONDITION OF THE COMPANY

55. The Petitioners have endeavored to ascertain the financial condition of the Company and what agreements have been reached purportedly on its behalf. Mr. LeKarz and Quin &

Hampson have failed to respond to the Petitioners and Mr. Grieg Jnr. by providing information about the financial condition of the Company or the funding for the litigation.

56. The Petitioners believe the Company to be insolvent but do not know and cannot ascertain its true financial position. Grieg Holdings AS pursuant to its management agreement with the Company prepared draft financial statements as at 31st December, 1997. The draft accounts showed a retained loss for the financial period of US$44,301 and net liabilities of US$558,512. The Company produced no financial statements and the Petitioners contend that it would now be impossible for the Board of Directors or the members to agree the true financial position as at that date.

57. As at January 1997 the Company had no income and was without funds. The corporate records which the Petitioners have obtained from the registered office disclose that the annual government fees have not been paid for 1997 and 1998.

58. The Company has failed to supply accounts and information to Mr. Grieg Jnr. as director or to the Petitioners. The Petitioners are therefore unable to state what the financial condition of the Company is.

DEADLOCK

59. Although Quin & Hampson are prepared to act on the instructions of Mr. LeKarz and Mr. Olav there is no possibility of the directors or members agreeing on the conduct of the affairs of the Company. The Shareholders Agreement provided that there should be unanimity or at least a two-thirds majority in respect of any decision relating to the Company. The Articles prepared on the instructions of Mr. LeKarz do not reflect the agreement. Nonetheless, no decision can properly be taken either by the Board or by the members without the consent of both Joint Venture Partners.

60. The Petitioners have unsuccessfully sought agreement to put the Company into voluntary liquidation subject to the supervision of the Court. They contend that it would be useless to call meetings of the Board of Directors or of the members. On any issue relating to the conduct or finances of the Company, the litigation or winding up there would be complete deadlock.

CLAIMS

61. Grieg Holdings AS lent money to the Company. The Petitioners recognise that it would be futile to raise the issue of repayment in current circumstances. To do so would be to invite costly litigation. They recognise that both directors and the shareholders have a conflict of interest in dealing with this issue. The Company could not make a decision. There is no possibility of this issue being sensibly resolved without winding up.

62. The Petitioners contend that Messrs. LeKarz and Olav misrepresented the nature and viability of the projects ostensibly brought into the joint venture. The Petitioners say that the Company may have a cause of action against Offshore Alliances Corporation acting by Messrs. LeKarz and Olav or may have a claim against Messrs. LeKarz and Olav personally.

63. The Petitioners also contend that the failure of the joint venture was in part attributable to the failures of Mr. LeKarz to perform his functions as managing director adequately. Again the Company may have a claim against Mr. LeKarz.

64. The Petitioners say that it is necessary for a liquidator to be appointed to investigate what claims can or should be brought on behalf of the Company. Whilst the Petitioners say that the claims made by Quin & Hampson purportedly on behalf of the Company have no merit, their view is that these are matters that in the circumstances should be dealt with by a liquidator. Only a liquidator will be in a position to conduct an independent investigation into all claims.

LOSS OF SUBSTRATUM AND THE FAILURE OF THE JOINT VENTURE PARTNERSHIP

65. The Company has not carried on business or operated since January 1997 and it would be impossible for it to resume business or for the Board of Directors to conduct business in view of the failure of the joint venture.

66. The Company was formed to carry on a joint venture business in particular relating to projects in Indonesia. The projects could not have been pursued without further capital contributed by the Petitioners. The opportunities represented by Messrs. LeKarz and Olav

to be viable projects never materialised. The principal objects for which the Company was set up can no longer be achieved.

67. As from the 20th January, 1997 when Mr. LeKarz recognised that the joint venture had been terminated, there was no reasonable hope of achieving the object of trading at a profit. The Company had never traded at a profit. The Petitioners were not prepared further to fund the Company.

68. The Company was formed on the basis of a personal relationship involving mutual confidence between the Petitioners and Messrs. LeKarz and Olav. The agreement provided that the shareholders would participate equally in the business. In December 1996 and January 1997 there was a breakdown in the business relationship between the Joint Venturers and it became evident that the Joint Venturers were irreconcilable.

69. Since the termination of the joint venture, Mr. LeKarz has attempted to use the Company as a vehicle for his claims and effectively to exclude Mr. Grieg Jnr. and the Petitioners from the management of the Company. The Petitioners say that they had a legitimate expectation of participating in all aspects of management of the Company which cannot now be realised.

70. Transfer of shares to third parties was subject to a first right of refusal of the existing shareholders to purchase the shares. In the circumstances of this case, there was and is no possibility that the Petitioners, whose name and prestige was intrinsic to any successful scheme, could sell their shares.

71. As a result of the failure of OAC to agree, the Company has been unable to place itself into liquidation by means of a special resolution either voluntarily or by way of winding up subject to court supervision

72. The Petitioners have lost confidence in the management of the Company for the reasons outlined above and in all the circumstances it is just and equitable that the Company should be wound up.

73. The Petitioners object, insofar as the Company has any assets, to the validation of any dispositions of the property of the Company pursuant to Section 155 of the Companies Law

(1995 Revision). The Company has no business and all assets should now be preserved for the benefit of the shareholders.

YOUR PETITIONERS THEREFORE HUMBLY PRAY THAT:-

1. The Company be wound up under the provisions of the Companies Law (1995 Revision).
2. That G James Cleaver of Ernst & Young, One Capital Place, George Town, Grand Cayman be appointed official liquidator of the Company and be authorised to do any acts or things considered by him to be necessary or desirable in connection with the liquidation of the Company and the winding up of its affairs.
3. That the official liquidator be authorised to exercise all powers set out in Section 108 of the Companies Law (1995 Revision) without the further sanction or intervention of this Honourable Court.
4. That the official liquidators be at liberty to appoint attorneys, counsel and professional advisors whether in the Cayman Islands or elsewhere as they may consider necessary to advise and assist them in the performance of their duties on any such terms as they may think fit.
5. That the official liquidator and his staff be remunerated out of the assets of the Company at the following hourly rates:

    1. partner: US$400 per hour;
    2. senior manager: US$312 per hour;
    3. manager: US$260 per hour;
    4. senior accountant: US$144 per hour; and
    5. administrative assistant: US$84 per hour

    or at such rate or rates as the Court shall think fit.

6. Such further and/or other relief as this Honourable Court deems appropriate.
7. That provision be made for the costs of the Petition.

AND your Petitioners will ever pray etc.

Dated the 9th day of June, 1998

Maples and Calder

NOTE: This petition is intend to be served on the Company at its registered office and Offshore Alliances Corporation at its registered office.

ENDORSEMENT

This petition, having been presented to the Grand Court of the Cayman Islands on the June, 1998 will be heard at the Court of the Cayman Islands on:

DATE: 18 JUNE 1998

TIME: 10 AM

(or as soon thereafter as the petition can be heard)

This Petition was presented by Maples and Calder whose address for service is Ugland House, South Church Street, George Town, Grand Cayman, attorneys-at-law for the Petitioners.