

HUNTING SPECIALISED PRODUCTS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

Registered No: 00164697

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HUNTING SPECIALISED PRODUCTS LIMITED

YEAR ENDED 31 DECEMBER 2008

COMPANY INFORMATION

Registered number:	00164697
Country of incorporation:	England
Registered office:	3 Cockspur Street London SW1Y 5BQ
Directors:	C.J.P. Gilmore P. Rose J. Mactaggart
Independent Auditors:	PricewaterhouseCoopers LLP London

HUNTING SPECIALISED PRODUCTS LIMITED

YEAR ENDED 31 DECEMBER 2008

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HUNTING SPECIALISED PRODUCTS LIMITED

DIRECTORS' REPORT

The Directors present their report, together with the audited financial statements for the year ended 31 December 2008.

ACTIVITIES

The Company is a wholly-owned subsidiary of Hunting Oil Holdings Limited. The Company previously manufactured linings and equipment and supplied consumables for pipeline rehabilitation and manufactured liquid specialised coatings for a wide range of customers in the building trade and construction industry.

On 9 November 2006, given the continued poor trading performance, a decision was taken by the parent company to close the business in an orderly manner.

The financial statements have therefore been prepared on a realisable or 'break up' value basis following the orderly realisation of assets and the payment of amounts due to creditors as they fall due.

The Company ceased production on 14 December 2006 and did not trade during 2008 other than to sell off any residual assets and close remaining activities. The Directors do not expect the Company to trade in the foreseeable future.

From the perspective of the Company, the primary risks and uncertainties are integrated with the primary risks of the Hunting PLC Group and are not managed separately. The primary risks and uncertainties of the Hunting PLC Group, which include those of the Company, are discussed on page 13 of the Hunting PLC 2008 Annual Report and Accounts.

RESULTS AND DIVIDENDS

The results and financial position of the Company are set out in the attached financial statements. The Directors do not recommend the payment of a dividend (2007: £nil).

The retained profit for the year of £6,000 (2007: £126,000) has been transferred to reserves.

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Company made no payments to charitable or political organisations during the year (2007: £nil).

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Hunting PLC 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.

HUNTING SPECIALISED PRODUCTS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors of the Company who served during the year were as follows:

C.J.P. Gilmore

P. Rose

J. Mactaggart

No Director had a material interest in any contract of significance to which the Company was a party.

DIRECTORS' INTERESTS

Following changes to UK company law by the Companies Act 2006, which came in to effect on 6 April 2007, the requirement to maintain a register of Directors' interests and to disclose these interests in the Company's statutory report and accounts has been repealed. Consequently, the Company no longer maintains a register of Directors' interests nor makes a disclosure in this regard.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

HUNTING SPECIALISED PRODUCTS LIMITED

DIRECTORS' REPORT (continued)

STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Companies Act requirements, all Directors in office, as at the date of this report, have confirmed so far as they are aware there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all reasonable steps necessary in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office as auditors. An elective resolution is in force which dispenses with the annual reappointment of auditors.

By order of the Board

A handwritten signature in black ink, appearing to be 'P. Rose', written over a horizontal line.

P. Rose
Director

6 May 2009

HUNTING SPECIALISED PRODUCTS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HUNTING SPECIALISED PRODUCTS LIMITED

We have audited the financial statements of Hunting Specialised Products Limited for the year ended 31 December 2008, which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Company Information and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

HUNTING SPECIALISED PRODUCTS LIMITED

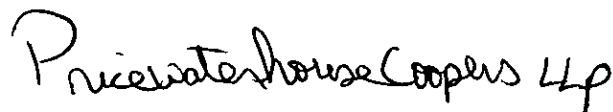
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUNTING SPECIALISED PRODUCTS LIMITED

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, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2008 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

6 May 2009

HUNTING SPECIALISED PRODUCTS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	<u>Notes</u>	2008 £'000	2007 £'000
REVENUE		-	65
Cost of sales		<u>-</u>	<u>(56)</u>
GROSS PROFIT		-	9
Other income		-	5
Operating expenses*	3	<u>1</u>	<u>247</u>
PROFIT FROM OPERATIONS	4	1	261
Interest income	6	<u>8</u>	<u>6</u>
PROFIT BEFORE TAXATION		9	267
Taxation	7	<u>(3)</u>	<u>(141)</u>
PROFIT FOR THE YEAR		<u>6</u>	<u>126</u>

The profit for the year arises from the Company's discontinued operations.

*Operating expenses include exceptional credits of £nil (2007: £220,000) as shown in note 5.

The notes on pages 12 to 25 form part of these financial statements.

HUNTING SPECIALISED PRODUCTS LIMITED

BALANCE SHEET

AT 31 DECEMBER 2008

	<u>Notes</u>	2008 £'000	2007 £'000
ASSETS			
Current assets			
Trade and other receivables	10	329	329
Current tax asset – group relief		-	60
Cash and cash equivalents	11	<u>208</u>	<u>150</u>
		<u>537</u>	<u>539</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	(10)	(20)
Current tax liability – group relief		<u>(2)</u>	<u>-</u>
		<u>(12)</u>	<u>(20)</u>
Net assets		<u>525</u>	<u>519</u>
Shareholders' equity			
Share capital	15	40	40
Retained earnings	16	<u>485</u>	<u>479</u>
Total equity		<u>525</u>	<u>519</u>

Approved by the Board on 6 May 2009


 P. Rose
 Director

The notes on pages 12 to 25 form part of these financial statements.

HUNTING SPECIALISED PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2008	40	479	519
Profit for the year	-	6	6
At 31 December 2008	40	485	525

FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital £'000	Capital reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2007	40	4	349	393
Profit for the year	-	-	126	126
Transfer between reserves	-	(4)	4	-
At 31 December 2007	40	-	479	519

The notes on pages 12 to 25 form part of these financial statements.

HUNTING SPECIALISED PRODUCTS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 £'000	2007 £'000
Operating activities		
Profit from operations	1	261
Profit on disposal of property, plant and equipment	-	(15)
Decrease in inventories	-	56
Decrease in receivables	-	308
Decrease in payables	(10)	(247)
Decrease in provisions	-	(437)
Taxation received	59	59
Other non-cash flow items	-	(2)
Net cash inflow (outflow) from operating activities	<u>50</u>	<u>(17)</u>
Investing activities		
Proceeds from sale of property, plant and equipment	-	117
Net cash inflow from investing activities	<u>-</u>	<u>117</u>
Financing activities		
Interest received	8	6
Net cash inflow from financing activities	<u>8</u>	<u>6</u>
Net inflow in cash and cash equivalents	58	106
Cash and cash equivalents at beginning of year	<u>150</u>	<u>44</u>
Cash and cash equivalents at end of year (note 11)	<u>208</u>	<u>150</u>

The notes on pages 12 to 25 form part of these financial statements.

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

1.1 Basis of Accounting

The financial statements have been prepared under the historical cost convention.

The financial statements have not been prepared on a going concern basis. On 9 November 2006, given the poor trading performance, a decision was taken by the parent company to close the business in an orderly manner. Following this decision to close the business, the financial statements have been prepared on a realisable value or 'break up' basis following the orderly realisation of assets and the payment of amounts due to creditors as they fall due. Accordingly, the Company's fixed assets and inventories have been stated in the financial statements at their estimated net recoverable amounts. Estimated costs associated with the decision to close the business have been provided for in these financial statements.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and those IFRS standards as adopted by the European Union and IFRIC interpretations, which are effective as at 31 December 2008.

The following Interpretations, which became effective for and were adopted during the year ended 31 December 2008, had no impact on the Company's results or financial position:

- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*
- IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

IFRIC 12 *Service Concession Arrangements* is effective for the year ended 31 December 2008. Although the European Parliament has voted to endorse IFRIC 12, it has delayed implementation which is likely to be the year ended 31 December 2012. Therefore, IFRIC 12 has not been adopted.

The following Standards, Interpretations and Amendments are effective subsequent to the year end and consequently have not been adopted for the year ended 31 December 2008:

- IFRS 8 *Operating Segments*
- IFRS 3 (revised) *Business Combinations*
- IAS 23 (revised) *Borrowing Costs*
- IAS 1 (revised) *Presentation of Financial Statements*
- Amendment to IFRS 2 *Share-based Payment* on vesting conditions and cancellations
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* on the Reclassification of Financial Assets
- IFRIC 13 *Customer Loyalty Programmes Relating to IAS 18 Revenue*

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

1. ACCOUNTING POLICIES (continued)

IAS 23 (revised) requires the Company to capitalise those borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. The Company is currently in a net cash position and will acquire qualifying assets first with cash and thereafter with borrowings, so initially there will not be any borrowing costs to capitalise. The Company is currently unable to predict the cost of its qualifying assets in 2009 and therefore cannot predict the impact on the 2009 financial statements.

The following Standards, Interpretations and Amendments are effective subsequent to the year end, but have not yet been endorsed by the EU:

- IFRS 1 (revised) *First-time Adoption*
- IFRS 3 (revised) *Business Combinations*
- IAS 27 (revised) *Consolidated and Separate Financial Statements*
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* on Eligible Hedged Items
- Annual Improvements to IFRSs
- Amendment to IAS 32 May 2008 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements* on Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendment to IFRS 1 *First Time Adoption of IFRS* and IAS 27 *Consolidated and Separate Financial Statements* on the Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- IFRIC 15 *Agreements for the Construction of Real Estate*
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*
- IFRIC 17 *Distributions of Non-Cash Assets to Owners*
- IFRIC 18 *Transfer of Assets from Customers*

It is anticipated that all other new requirements will not significantly impact on the Company's results or financial position.

1.2 Revenue

Revenue is measured as the fair value of the consideration received or receivable and is stated net of sales taxes. Revenue is recognised when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue can be reliably measured.

Revenue from services is recognised as the services are rendered. Revenue from product sales is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is normally on delivery of the products.

1.3 Interest

Interest income and expense is recognised in the income statement using the effective interest method.

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

1. ACCOUNTING POLICIES (continued)

1.4 Taxation

The tax charge on the profit or loss for the year comprises current tax.

Current tax is the expected net tax payable on the current year's net profits, using tax rates enacted or substantively enacted at the balance sheet date, plus adjustments to net tax payable in respects of prior years' net profits.

Full provision is made for deferred taxation on all taxable temporary differences. Deferred tax assets and liabilities are recognised separately on the balance sheet. Deferred tax assets are recognised only to the extent that they are expected to be recoverable.

Deferred taxation is recognised in the income statement unless it relates to taxable transactions taken directly to equity, in which case the deferred tax is also recognised in equity. The deferred tax is released to the income statement at the same time as the taxable transaction is recognised in the income statement.

1.5 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation. If the time value of money is material, provisions are discounted to their present value.

If an obligation is not capable of being reliably estimated it is classified as a contingent liability.

1.6 Impairments

The Company assesses at least annually whether there have been any events or changes in circumstances that indicate that assets may be impaired and an impairment review is carried out whenever such an assessment indicates that the carrying amount may not be recoverable. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Where impairment exists, the asset is written down to its recoverable amount, which is the higher of the fair value less costs to sell and value in use. Impairments are recognised immediately in the income statement, unless the asset has previously been revalued, in which case the impairment is treated as a revaluation decrease.

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

1. ACCOUNTING POLICIES (continued)

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been previously recognised.

1.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand.

1.8 Operating Leases

Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease term.

1.9 Financial Assets

The Company has classified its financial assets as loans and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially recognised at fair value at the trade date, which is normally the consideration paid, plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs.

The Company assesses at each balance sheet date whether a financial asset is impaired by comparing its carrying value with the present value of the estimated future cash flows discounted at a rate relevant to the nature of the financial asset. If the carrying amount is higher, it is reduced to the appropriate value and the loss is recognised in the income statement immediately.

Financial assets cease to be recognised when the right to receive cash flows has expired or has been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are carried at amortised cost using the effective interest method.

1.10 Financial Liabilities

Financial liabilities are initially recognised at fair value at the trade date, which is normally the consideration received less, in the case of financial liabilities that are not measured at fair value through profit or loss, transaction costs. The Company subsequently re-measures all of its financial liabilities, including trade payables, at amortised cost.

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

1. ACCOUNTING POLICIES (continued)

1.11 Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements and assumptions about the future, resulting in the use of accounting estimates. These will, by definition, seldom equal the related actual results and adjustments will consequently be necessary. Estimates are continually evaluated, based on experience and reasonable expectations of future events.

Accounting estimates are applied in determining the carrying value of accruals.

1.12 Share Capital

The Company has only one class of shares, Ordinary shares, which are classified as equity.

2. DIRECTORS AND EMPLOYEES

None of the Directors received any remuneration during the year in respect of their services to the Company (2007: £nil). Remuneration received by Directors was for their services to Hunting PLC, the ultimate parent company, acting in various Group capacities. The key management of Hunting Specialised Products are its Directors.

The average number of persons employed by the Company during the year was nil (2007: nil).

3. OPERATING EXPENSES

	2008 £'000	2007 £'000
Administrative expenses	<u>(1)</u>	<u>(247)</u>

4. PROFIT FROM OPERATIONS

	2008 £'000	2007 £'000
Profit from operations is stated after charging (crediting):		
Closure costs provision (note 5)	-	(220)
Profit on disposal of property, plant and equipment	-	(15)
Auditors remuneration		
- audit fees for statutory audit	5	14
- tax fees	<u>5</u>	<u>6</u>

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

5. EXCEPTIONAL ITEMS

	2008 £'000	2007 £'000
Closure cost provision – release of amounts previously charged	<u>-</u>	<u>220</u>

6. INTEREST INCOME

	2008 £'000	2007 £'000
Bank interest	<u>8</u>	<u>6</u>

7. TAXATION

	2008 £'000	2007 £'000
UK Corporation Tax:		
Current tax on income for the year	2	(60)
Adjustments in respect of prior periods – group relief	<u>1</u>	<u>201</u>
Total tax charge	<u>3</u>	<u>141</u>

The tax charge for the year is higher (2007: higher) than the UK standard rate for corporation tax of 28.5% (2007: 30%) for the following reasons:

	2008 £'000	2007 £'000
Profit before taxation	<u>9</u>	<u>267</u>
Taxation at the standard UK corporation tax rate of 28.5% (2007: 30%)	2	80
Adjustments in respect of prior periods	1	201
Expenses not deductible for tax purposes	-	(76)
Other timing differences	<u>-</u>	<u>(64)</u>
Tax charge	<u>3</u>	<u>141</u>

Deferred tax assets of £129,000 (2007: £129,000) have not been recognised as realisation of the tax benefit on the tax losses is not probable.

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

8. GOODWILL

	2008 £'000	2007 £'000
Cost		
At 1 January and 31 December	<u>-</u>	<u>75</u>
Impairments		
At 1 January and 31 December	<u>-</u>	<u>(75)</u>
Net book amount		
At 31 December	<u>-</u>	<u>-</u>

The Company acquired the trade and net liabilities of The Waterline Equipment Company Limited, a fellow subsidiary of the Company's immediate parent Hunting Oil Holdings Limited, with effect from 31 December 2005. IFRS 3 *Business Combinations* does not apply to the acquisition as it was a combination involving businesses under common control.

9. PROPERTY, PLANT AND EQUIPMENT

	Plant, equipment and motor vehicles £'000	2007 Fixtures and Fittings £'000	Total £'000
Cost:			
At 1 January 2007			
Additions	638	169	807
Disposals	<u>(638)</u>	<u>(169)</u>	<u>(807)</u>
At 31 December 2007	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation:			
At 1 January 2007	(556)	(151)	(707)
Disposals	<u>556</u>	<u>151</u>	<u>707</u>
At 31 December 2007	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount:			
At 31 December 2007	<u>-</u>	<u>-</u>	<u>-</u>

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Following a decision to close the business on 9 November 2006, property, plant and equipment was written down to their net recoverable amount. As a consequence of this, no depreciation was charged during the year ended 31 December 2007.

Fixed assets that are held under hire purchase contracts or finance leases are as follows:

	Plant and machinery	
	2008	2007
	£'000	£'000
Cost		
At 1 January	-	25
Disposals	-	(25)
At 31 December	-	-
Depreciation		
At 1 January	-	(25)
Disposals	-	25
At 31 December	-	-
Net book amount		
At 31 December	-	-

10. TRADE AND OTHER RECEIVABLES

	2008	2007
	£'000	£'000
Current:		
Amounts owed by group companies	329	329

At 31 December 2008, none of the Company's trade and other receivables were past due or impaired and the Company does not consider it necessary to provide for any impairment, as receivables are due from a fellow group company. Trade and other receivables are expected to be fully recovered as there is no recent history of default or any indications that the debtors will not meet their payment obligations. At the year end there are no receivables (2007: none) whose terms have been renegotiated and would otherwise be past due or impaired.

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

10. TRADE AND OTHER RECEIVABLES (continued)

The Company's maximum exposure to credit risk is the fair value of each class of receivable, as shown in note 13.

The Company does not hold any collateral as security and no assets have been acquired through the exercise of any collateral previously held.

Current amounts owed by group companies are unsecured, interest free and repayable on demand.

All financial assets included in trade and other receivables at the year-end are denominated in sterling.

11. CASH AND CASH EQUIVALENTS

	2008 £'000	2007 £'000
Cash at bank and in hand	<u>208</u>	<u>150</u>

Cash and cash equivalents have been deposited with a bank that has a Fitch short-term rating of F1+ and are expected to be fully recovered. Cash and cash equivalents at the year-end are denominated in sterling.

12. TRADE AND OTHER PAYABLES

	2008 £'000	2007 £'000
Current:		
Accruals	<u>10</u>	<u>20</u>

All financial liabilities included in trade and other payables at the year-end are denominated in sterling.

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

13. FINANCIAL INSTRUMENTS

The carrying amounts of each measurement category of the Company's financial assets and financial liabilities are stated below, together with a comparison of the fair value and carrying amount for each class of financial asset and financial liability.

	2008			
	Loans and receivables	Financial liabilities measured at amortised cost	Total carrying amount	Total fair value
	£'000	£'000	£'000	£'000
Current assets:				
Amounts owed by group companies	329	-	329	329
Cash and cash equivalents	208	-	208	208
Current liabilities:				
Accruals	-	(10)	-	(10)
	<u>537</u>	<u>(10)</u>	<u>527</u>	<u>527</u>

	2007			
	Loans and receivables	Financial liabilities measured at amortised cost	Total carrying amount	Total fair value
	£'000	£'000	£'000	£'000
Current assets:				
Amounts owed by group companies	329	-	329	329
Cash and cash equivalents	150	-	150	150
Current liabilities:				
Accruals	-	(20)	(20)	(20)
	<u>479</u>	<u>(20)</u>	<u>459</u>	<u>459</u>

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

13. FINANCIAL INSTRUMENTS (continued)

The fair value of financial instruments that are not traded in an active market is determined using standard valuation techniques, predominantly based on discounted cash flows. The carrying amounts of current financial assets and liabilities are a reasonable approximation of their fair values, as the impact of discounting is not significant.

14. FINANCIAL RISK FACTORS

The Company's activities expose it to certain financial risks, namely market risk (including cash flow interest risk and fair value interest risk), credit risk and liquidity risk. From the perspective of the Company, these financial risks are integrated with the financial risks of the Hunting PLC Group and are not managed separately.

a) Interest rate risk

The Company is exposed to cash flow interest rate risk from its cash and cash equivalents, which are at variable interest rates, and from fair value interest risk from its amounts due from group companies, which are interest free.

b) Credit risk

The Company's credit risk arises from its cash and cash equivalents and outstanding receivables. The Company is exposed to credit risk to the extent of non-receipt of its financial assets, however, it has no significant concentrations of credit risk. Credit risk is continually monitored and no individual exposure is considered to be significant in the ordinary course of the Company's activities.

The Company's outstanding receivables are due from a fellow group company and funds are only invested with approved financial institutions. No losses are expected from non-performance of these counterparties.

c) Liquidity risk

The Company has sufficient funds available to satisfy its requirements.

Below is a maturity analysis of the Company's financial liabilities at the year end, which will be settled on a net basis. The amounts presented in the table are the *undiscounted* cash flows, whereas the carrying amounts in the balance sheet are the *discounted* amounts. The timing of the maturities in the table shows the *earliest contractual repayment date*, whereas the balance sheet classification between current and non-current reflects *management's intentions*. Balances due within one year have been included in the maturity analysis at their carrying amounts, as the impact of discounting is not significant.

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

14. FINANCIAL RISK FACTORS (continued)

	On demand or within 1 year	
	2008	2007
	£'000	£'000
Non-derivative financial liabilities:		
Accruals	<u>10</u>	<u>20</u>

The Company did not have any derivative financial instruments.

d) Sensitivity analysis

The following sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments, and show the impact on profit or loss and shareholders' equity. Financial instruments affected by market risk include cash and cash equivalents. The sensitivity analysis relates to the position as at 31 December 2008.

The sensitivity analysis has been prepared on the basis that the amount of cash and the ratio of fixed to floating interest rates remain unchanged at 31 December 2008.

The analysis excludes the impact of movements in market variables on the carrying value of non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analysis:

- The carrying values of financial assets and liabilities carried at amortised cost do not change as interest rates change.

(i) Interest rate sensitivity

At 31 December, if UK interest rates had been 1% (2007: 0.5%) higher or lower, with all other variables held constant, the post-tax effects on profit or loss and equity for the year would have been as follows:

	2008		2007	
	Income statement	Equity	Income statement	Equity
	£'000	£'000	£'000	£'000
UK interest rates +1% (2007: +0.5%)	1	-	1	-
UK interest rates -1% (2007: -0.5%)	(1)	-	(1)	-

The movements arise from the sterling denominated cash and cash equivalents.

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

15. SHARE CAPITAL

	Authorised		Allotted and fully paid	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Unclassified shares of £1 each	10	10	-	-
'A' Ordinary Shares of £1	24	24	24	24
'B' Ordinary Shares of £1	16	16	16	16
	<u>50</u>	<u>50</u>	<u>40</u>	<u>40</u>

The 'A' Ordinary shares and the 'B' Ordinary shares are identical and rank pari passu in all respects, except that if at a General Meeting the number of votes exercised by all or any holders of 'A' Ordinary shares in respect of a resolution proposed at that meeting exceeds the number of votes exercised by all holders of 'B' Ordinary shares ("the minority") then the minority shall be deemed to be entitled to exercise and to have exercised sufficient additional votes in respect of the 'B' Ordinary shares as would have resulted in an equality of votes.

16. RETAINED EARNINGS

	2008	2007
	£'000	£'000
At 1 January	479	349
Profit for the year	6	126
Transfer from capital reserve	<u>-</u>	<u>4</u>
At 31 December	<u>485</u>	<u>479</u>

17. CAPITAL RESERVE

	2008	2007
	£'000	£'000
At 1 January	-	4
Transfer to retained earnings	<u>-</u>	<u>(4)</u>
At 31 December	<u>-</u>	<u>-</u>

HUNTING SPECIALISED PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

18. CAPITAL RISK MANAGEMENT

The Company's capital consists of equity and net cash, comprising cash and cash equivalents.

It is managed with the aim of maintaining an appropriate level of financing available for the Company's activities, having due regard to interest rate and currency risks and the availability of borrowing facilities. The gearing ratio, which is net debt expressed as a percentage of total equity, is monitored periodically against both internal targets and external requirements.

Changes in equity arise from the retention of earnings and, from time to time, issues of share capital. Net debt is monitored on a periodic basis and is managed by the control of dividend payments.

At the year end, capital comprised:

	2008 £'000	2007 £'000
Total equity	525	519
Net cash	<u>(208)</u>	<u>(150)</u>
Gross capital employed	<u>317</u>	<u>369</u>

There have been no significant changes in the Company's funding policy during the year.

19. BANKING ARRANGEMENTS

The Company is party to a Group set-off arrangement with Barclays Bank Plc.

20. ULTIMATE PARENT COMPANY

The immediate parent company is Hunting Oil Holdings Limited, a company registered in England and Wales.

The ultimate parent and controlling company is Hunting PLC, a company registered in England and Wales. The only group of which the Company is a member and for which consolidated financial statements are prepared is Hunting PLC. The consolidated financial statements of Hunting PLC can be obtained from its registered office at 3 Cockspur Street, London, SW1Y 5BQ.