

HUNTING OIL HOLDINGS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

Registered No: 1103530

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HUNTING OIL HOLDINGS LIMITED

YEAR ENDED 31 DECEMBER 2006

COMPANY INFORMATION

Registered number:	1103530
Country of incorporation:	England
Registered office:	3 Cockspur Street London SW1Y 5BQ
Directors:	D.L. Clark D.L. Proctor R.H. Hunting
Secretary:	C.J.P. Gilmore
Auditors:	PricewaterhouseCoopers LLP London

HUNTING OIL HOLDINGS LIMITED

YEAR ENDED 31 DECEMBER 2006

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HUNTING OIL HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report, together with the audited financial statements for the year ended 31 December 2006.

ACTIVITIES

The Company continues to be the parent company of the former defence division and certain other subsidiaries of the Hunting PLC Group, and is a wholly-owned subsidiary of Hunting PLC, a company registered in England and Wales.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Hunting PLC Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Hunting PLC Group, which include those of the Company, are discussed on page 14 of the Hunting PLC 2006 Annual Report and Accounts.

No change in the current activities of the Company is anticipated in 2007.

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 (2005: £nil).

The loss for the year of £610,000 (2005: £658,000) has been transferred to reserves.

DIRECTORS

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

D. L. Clark
D.L. Proctor
R.H. Hunting

No Director had a material interest in any contract of significance to which either the Company or its subsidiaries were a party.

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.

DIRECTORS' INTERESTS

None of the Directors had any interests in the shares of the Company during the year.

The interests of the Directors in the shares of Hunting PLC, the ultimate parent company, are disclosed in the Directors' Report incorporated within the 2006 financial statements of Hunting PLC.

Subsequent to the year end, on 6 March 2007 under the 2001 share option scheme, options were granted at 640p per Ordinary share to Directors as follows:

D.L. Clark	38,281
D.L. Proctor	64,688

On 28 March 2007, D.L. Clark exercised and sold 107,540 shares under the 2001 Share Option Scheme.

On 8 March 2007, D.L. Clark was awarded and sold 81,529 shares under the Long Term Incentive Plan and on 28 March 2007 184,623 shares were awarded to D.L. Proctor.

HUNTING OIL HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Company made no payments to charitable or political organisations during the year (2005: £nil).

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 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 Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for preparing the financial statements on a going concern basis unless this is inappropriate.

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 Company, and to prevent and detect fraud and other irregularities.

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



D.L. Clark
Director

22 June 2007

HUNTING OIL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUNTING OIL HOLDINGS LIMITED

We have audited the financial statements of Hunting Oil Holdings for the year ended 31 December 2006, which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity 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 for use in 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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. 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.

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 for use in the European Union, of the state of the company's affairs as at 31 December 2006 and of its loss and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

22 June 2007

HUNTING OIL HOLDINGS LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>Notes</u>	2006 £'000	2005 £'000
Other income		-	2,846
Administrative expenses*		<u>(610)</u>	<u>(609)</u>
(LOSS) PROFIT FROM OPERATIONS	4	(610)	2,237
Interest income	5	1	302
Interest expense and similar charges	6	<u>(1)</u>	<u>(1,835)</u>
(LOSS) PROFIT BEFORE TAX		(610)	704
Taxation	7	<u>-</u>	<u>(46)</u>
LOSS FOR THE YEAR		<u><u>(610)</u></u>	<u><u>(658)</u></u>

The loss for the year arises from the Company's continuing operations.

*Administrative expenses include exceptional charges of £610,000 (2005: £609,000) as described in note 3.


The notes on pages 10 to 16 form part of these financial statements.

HUNTING OIL HOLDINGS LIMITED

BALANCE SHEET AT 31 DECEMBER 2006

	<u>Notes</u>	2006 £'000	2005 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	8	75,909	77,383
Trade and other receivables	9	<u>70,164</u>	<u>70,164</u>
		<u>146,073</u>	<u>147,547</u>
Current assets			
Current tax assets		-	56
Cash and cash equivalents	10	<u>33</u>	<u>-</u>
		<u>33</u>	<u>56</u>
LIABILITIES			
Current liabilities			
Borrowings	11	<u>(518)</u>	<u>(541)</u>
Net current liabilities		<u>(485)</u>	<u>(485)</u>
		<u>145,588</u>	<u>147,062</u>
Net assets		<u>145,588</u>	<u>147,062</u>
Shareholders' equity			
Share capital	13	122,380	122,380
Revaluation reserves		-	864
Retained earnings	14	<u>23,208</u>	<u>23,818</u>
Total equity		<u>145,588</u>	<u>147,062</u>

Approved by the Board on 22 June 2007



D.L. Clark
Director

The notes on pages 10 to 16 form part of these financial statements.

HUNTING OIL HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

	Share capital £'000	Revaluation reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2006	122,380	864	23,818	147,062
Loss for the year	-	-	(610)	(610)
Loss on revaluation of investments in subsidiaries	-	(864)	-	(864)
Total recognised income and expense for the year	-	(864)	(610)	(1,474)
At 31 December 2006	122,380	-	23,208	145,588

FOR THE YEAR ENDED 31 DECEMBER 2005

	Share capital £'000	Revaluation reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2005	85,659	864	23,160	109,683
Profit for the year	-	-	658	658
Shares issued	36,721	-	-	36,721
At 31 December 2005	122,380	864	23,818	147,062

The notes on pages 10 to 16 form part of these financial statements.

HUNTING OIL HOLDINGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 £'000	2005 £'000
Operating activities		
(Loss) profit from operations	(610)	2,237
Investment income	-	(2,846)
Decrease in receivables	-	2,000
Decrease in payables	-	(13,097)
Taxation received (paid)	56	(142)
Other non cash flow items	610	609
Net cash inflow (outflow) from operating activities	56	(11,239)
Investing activities		
Proceeds from disposal of investments	-	11,096
Net cash inflow from investing activities	-	11,096
Financing activities		
Interest received	1	302
Interest paid	(1)	(1,836)
Dividends received from subsidiaries	-	2,846
Share capital issued	-	36,721
Proceeds from intergroup loans	-	7,000
Repayment of borrowings	-	(11,316)
Net cash inflow from financing activities	-	33,717
Net inflow in cash and cash equivalents	56	33,574
Cash and cash equivalents at beginning of year	(23)	(33,600)
Adoption of IAS 32 and IAS 39	-	3
Cash and cash equivalents at end of year	33	(23)
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand (note 10)	33	-
Bank overdrafts included in borrowings (note 11)	-	(23)
	33	(23)

The notes on pages 10 to 16 form part of these financial statements.

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1. ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements for the year ended 31 December 2006 have been prepared under International Financial Reporting Standards (IFRSs) as adopted for use by the European Union (EU).

The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of investments in subsidiaries.

1.2 Compliance with accounting standards

These financial statements have been prepared in accordance with the provisions of the Companies Act 1985 and those IFRS standards and IFRIC interpretations which are effective as at 31 December 2006. The following Standards, Interpretations and Amendments, which became effective for and were adopted during the year ended 31 December 2006, had no impact on the Company's results or financial position:

- IFRS 6 *Exploration for and Evaluation of Mineral Resources*
- Amendment to IAS 21 *The Effects of Changes in Foreign Exchange Rates*
- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement*
- Amendment to IFRS 4 *Insurance Contracts*
- IFRIC 4 *Determining Whether an Arrangement Contains a Lease*
- IFRIC 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
- IFRIC 6 *Liabilities arising from Participating in a Specific Market – Waste, Electrical and Electronic Equipment*

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 2006, and the Company has determined that these are not expected to have an impact on its results or financial position:

- IFRS 7 *Financial Instruments: Disclosures*
- IFRS 8 *Operating Segments*
- Amendment to IAS 1 *Presentation of Financial Statements*
- IFRIC 7 *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*
- IFRIC 8 *Scope of IFRS 2*
- IFRIC 9 *Re-assessment of Embedded Derivatives*
- IFRIC 10 *Interim Financial Reporting and Impairment*
- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions*
- IFRIC 12 *Service Concession Arrangements*

1.3 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.

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

1. ACCOUNTING POLICIES (continued)

1.3 Taxation (continued)

Deferred tax 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.

Deferred tax on unremitted overseas earnings is provided for to the extent a tax charge is foreseeable.

1.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the average rate for the period. All exchange differences are recognised in the income statement.

1.5 Provisions

Provisions are set up only where it is probable that a present obligation exists as a result of an event prior to the balance sheet date and that a payment will be required in settlement that can be estimated reliably. If the time value of money is material, provisions are discounted to their present value.

1.6 Impairments

At least once a year, the Company assesses whether there is any indication that an asset may be impaired. Where impairment exists, the asset is written down to the lower of value in use and fair value less costs to sell.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term bank deposits, with less than 3 months until maturity. For cash flow statement purposes, cash and cash equivalents include bank overdrafts.

1.8 Dividend income

Overseas dividends are stated in the income statement, as other income, gross of overseas withholding taxes but net of underlying overseas tax attributable to dividends.

1.9 Investments in subsidiaries

Investments in subsidiaries are stated at Directors' valuation at 31 December. Surpluses and the reversal of surpluses above historic cost are dealt with in the revaluation reserve and deficits below historic cost are dealt with in the profit and loss account. Investments in subsidiaries pending liquidation are stated at the lower of cost and net realisable value and are dealt with as current assets.

1.10 Exceptional items

Exceptional items are regarded as one-off items of income and expense that do not intentionally recur, and due to their size and nature, have been separately disclosed in the financial statements in order to give a true and fair view.

1.11 Group accounts

The Company has taken advantage of the exemption from preparing group accounts under s228(2) of the Companies Act 1985 as it is a wholly-owned subsidiary of Hunting PLC, a company registered in England and Wales, in whose consolidated financial statements the Company is included.

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

1. ACCOUNTING POLICIES (continued)

1.12 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 where the time value of money is material. Interest accrued on loans that are measured at amortised cost using the effective interest method is regarded as an integral part of the loan balance and, therefore, included within the carrying value of those loans. Consequently, interest receivable within twelve months on loans due after more than one year is recognised in non-current trade and other receivables.

1.13 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.

Interest accrued on loans that are measured at amortised cost using the effective interest method is regarded as an integral part of the loan balance and, therefore, included within the carrying value of those loans.

1.14 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 the following assets and liabilities: deferred taxation, provisions and accruals.

2. DIRECTORS AND EMPLOYEES

None of the Directors received any remuneration during the year in respect of their services to the Company (2005: £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 Oil Holdings Limited is its Directors.

The average number of persons employed by the Company during the year was nil (2005: nil).

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

3. EXCEPTIONAL ITEMS

	2006 £'000	2005 £'000
Impairment of investments in subsidiaries	<u>610</u>	<u>609</u>

4. (LOSS) PROFIT FROM OPERATIONS

Auditors' remuneration has been dealt with in the financial statements of Hunting PLC, the Company's ultimate parent.

5. INTEREST INCOME

	2006 £'000	2005 £'000
Bank interest	1	1
Group companies interest	<u>-</u>	<u>301</u>
	<u>1</u>	<u>302</u>

6. INTEREST EXPENSE AND SIMILAR CHARGES

	2006 £'000	2005 £'000
Bank interest	1	1,345
Group companies interest	<u>-</u>	<u>490</u>
	<u>1</u>	<u>1,835</u>

7. TAXATION

	2006 £'000	2005 £'000
UK Corporation Tax:		
Current tax on income for the year	-	(57)
Adjustments in respect of prior years	<u>-</u>	<u>(39)</u>
Total UK tax charge	-	(96)
Withholding tax on overseas dividends	<u>-</u>	<u>142</u>
Total tax charge	<u>-</u>	<u>46</u>

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

7. TAXATION (continued)

The tax for the year is below (2005: below) the UK standard rate for corporation tax of 30% for the following reasons:

	2006 £'000	2005 £'000
(Loss) profit before taxation	(610)	704
Taxation at the standard UK corporation tax rate of 30%	(183)	211
Permanent differences	183	(268)
Overseas tax	-	142
Adjustments in respect of prior years	-	(39)
	-	46

8. INVESTMENTS IN SUBSIDIARIES

	2006 £'000	2005 £'000
<u>Cost or valuation</u>		
At 1 January	77,992	77,992
Revaluation	(864)	-
At 31 December	77,128	77,992
<u>Impairment provision</u>		
At 1 January	(609)	-
Charge for the year	(610)	(609)
31 December	(1,219)	(609)
<u>Net book value</u>	75,909	77,383

The carrying values of investments in subsidiaries are considered to be a reasonable approximation of their fair values.

The subsidiaries comprise:

	Country of incorporation and operations	% interest in ordinary shares
* Hunting Specialised Products Ltd	England	100
* Hunting Aviation Ltd	England	100
* Hunting International Aviation Ltd	England	100
* Huntfield Trust Ltd	England	100
* Hunting Defence Ltd	England	100
Hunting Italian Holdings Ltd	England	100
Hunting BRAE Ltd	England	51
Aero Sekur SpA	Italy	100
* Huntaven Properties Ltd	England	100

Interests in companies marked * are held directly by the Company. The other companies are held indirectly.

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

9. TRADE AND OTHER RECEIVABLES

	2006 £'000	2005 £'000
Non-current:		
Amounts owed by group companies	<u>70,164</u>	<u>70,164</u>

Non-current amounts owed by group companies are unsecured and interest free. All financial assets included in trade and other receivables at the year end are denominated in sterling.

The Company is exposed to credit risk to the extent of non-receipt of its financial assets, however, management believes no provision is required for the doubtful recovery of its financial assets, as the amounts are due from a fellow group company.

10. CASH AND CASH EQUIVALENTS

	2006 £'000	2005 £'000
Cash at bank and in hand	<u>33</u>	<u>-</u>

Cash and cash equivalents at the year end are denominated in sterling.

11. BORROWINGS

	2006 £'000	2005 £'000
Current		
Amounts owed to group companies	518	518
Unsecured bank overdraft	<u>-</u>	<u>23</u>
Total borrowings	<u>518</u>	<u>541</u>

Current amounts owed to group companies are unsecured, interest free and repayable on demand. The effective interest rate of the unsecured bank overdraft in 2005 was 5.5%.

All borrowings are denominated in sterling, and their carrying values are considered to be a reasonable approximation of their fair values.

12. FINANCIAL INSTRUMENTS

Maturity profile of financial assets

The maturity profile of the carrying value of the Company's non-current financial assets at the end of the year was as follows:

	2006 £'000	2005 £'000
Between two and five years	<u>70,164</u>	<u>70,164</u>

HUNTING OIL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (continued)

12. FINANCIAL INSTRUMENTS (continued)

Fair values of financial assets

Where market values are not available, fair values of financial assets have been calculated by discounting expected cash flows at prevailing interest rates and by applying year end exchange rates. The carrying values and the fair values of non-current financial assets at 31 December are set out below:

	2006		2005	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Financial assets - non-current:				
Amounts owed by group companies (note 9)	<u>70,164</u>	<u>57,219</u>	<u>70,164</u>	<u>58,174</u>

13. SHARE CAPITAL

	2006 £'000	2005 £'000
Ordinary equity shares of £1 each:		
Authorised	<u>122,380</u>	<u>122,380</u>
Allotted, issued and fully paid	<u>122,380</u>	<u>122,380</u>

There are no restrictions to any of the Ordinary shares in issue and all Ordinary shares carry equal voting rights.

14. RETAINED EARNINGS

	2006 £'000	2005 £'000
At 1 January	23,818	23,160
(Loss) profit for the year	<u>(610)</u>	<u>658</u>
At 31 December	<u>23,208</u>	<u>23,818</u>

15. BANKING ARRANGEMENTS

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

16. ULTIMATE PARENT COMPANY

The immediate and ultimate parent 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.

17. RELATED PARTY TRANSACTIONS

Stagline Limited, a wholly-owned subsidiary of Huntfield Trust Limited, which is a wholly-owned subsidiary of the Company, was owed £518,000 (2005: £518,000) at the year end on the interest free loan.

Hunting Energy Holdings Limited, a fellow group company, owed the Company £70,164,000 (2005: £70,164,000) at the year end on their interest free loan.