ENI FORTIES LIMITED

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 December 2007

Registered Number: 1452037

ENI FORTIES LIMITED

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

L Lusuriello
M Talamonti
J Michell

SECRETARY AND REGISTERED OFFICE

F Dal Bello
Eni House
10 Ebury Bridge Road
LONDON SW1W 8PZ

AUDITORS

PricewaterhouseCoopers LLP
32 Albyn Place
ABERDEEN AB10 1YL

REGISTERED IN ENGLAND NO: 1452037

ENI FORTIES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

Principal activity

The company holds a bank account with Banque Eni S A The directors do not anticipate the company to trade in the foreseeable future

Results for the year

The results for the year are set out on page 6 of the financial statements A loss for the year to 31 December 2007 of £1,000 (2006 loss - £1,000) was transferred from reserves

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks set out in the notes The company and its subsidiaries have adopted the most stringent standards, in accordance with Eni S p A group requirements, for the evaluation and management of industrial and environmental risks

Key performance indicators

Key Performance Indicators are established each year in a business plan which covers a number of strategic, operational, HSE and finance objectives for the operations of the Eni Group in the United Kingdom The business plan is approved at Eni Group level, and Key Performance Indicators of the Eni Group are disclosed in the Group annual report, which is publicly available

Directors

The present directors of the company are listed on page 1 and have held office throughout the year, with the following exception

- On 9 November 2007, V Di Lorenzo resigned as a director
- On 9 November 2007, L Lusuriello was appointed as a director

Statement of directors' responsibilities respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and 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 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

- Prepare the financial statements on the ongoing 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 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

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Elective Regime

An elective resolution to dispense with the obligation to appoint auditors on an annual basis pursuant to Section 386 of the Companies Act 1985 (as amended) was passed on 28 October 2003 and as this election was in force before 1 October 2007, under the Companies Act 2006 PricewaterhouseCoopers LLP is deemed reappointed as the company's auditors for the next financial year

In addition, the company dispensed with the requirement to hold Annual General Meetings or to lay accounts before the company in General Meeting pursuant to Sections 366A and 252 of the Companies Act 1985 (as amended) respectively Although these sections were repealed under the Companies Act 2006 from 1 October 2007, the provisions of the company prior to this date are not affected

By order of the Board

R Dal Bello
Secretary

10 March 2008

Independent auditors' report to the members of Eni Forties Limited

We have audited the financial statements of Eni Forties Limited for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Change in Shareholder's 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 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

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

INDEPENDENT AUDITORS' REPORT

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 2007 and of its loss 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Aberdeen

10 March 2008

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2006 £ '000	**2007** **£ '000**
Other operating charges	*3*	(1)	**(1)**
Operating loss	*4*	(1)	**(1)**
Taxation	*5*	-	-
Loss for the year		(1)	**(1)**

The results above have been derived wholly from continuing activities

CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	Share Capital £ '000	*Retained Earnings £ '000*	*Shareholder's Equity £ '000*
Balance at 1 January 2006	11	(1)	10
Net loss for 2006	-	(1)	(1)
Balance at 31 December 2006	11	(2)	9
Net loss for 2007	-	(1)	(1)
Balance at 31 December 2007	**11**	**(3)**	**8**

ENI FORTIES LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	2006 £ '000	**2007** **£ '000**
Assets			
Current assets			
Cash and cash equivalents	*6*	9	**8**
Total assets		9	**8**
Shareholder's equity			
Ordinary shares	*7*	11	**11**
Retained deficit	*8*	(2)	**(3)**
Total equity shareholder's funds		9	**8**
Total equity and liabilities		9	**8**

The financial statements from page 6 to 13 were approved by the Board on 10 March 2008
On behalf of the Board

M Talamonti
Director

ENI FORTIES LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2006 £ '000	**2007 £ '000**
Cash flow from operating activities			
Net loss		(1)	**(1)**
Cash generated from continuing operations		(1)	**(1)**
Net decrease in cash and cash equivalents		(1)	**(1)**
Cash and cash equivalents at 1 January		10	**9**
Cash and cash equivalents at 31 December	6	9	**8**

STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations endorsed by the European Union (EU) and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS The financial statements have been prepared under the historic cost convention

- **Amendments to published standards effective in 2007**

IFRS 7, 'Financial instrument Disclosures' and the complementary amendment to IAS 1 'Presentation of financial statements – capital disclosures, was adopted in 2007 IFRS introduces new disclosures relating to financial instruments This standard does not have any impact on the classification and valuation of the financial instruments

- **Standards, amendments and interpretations effective in 2007 but not relevant**

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the company's operations

- IFRS 4,' Insurance contracts',
- IFRIC 7,' Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies' ,and
- IFRIC 9,' Re-assessment of embedded derivates'

- **Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company**

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2008 or later periods, but the company has not early adopted them

- IAS 23 (Amendment), ' Borrowing costs',
- IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'

- **Interpretations to existing standards that are not yet effective and not relevant for the company's operations**

The interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2008 or later periods, but they are not relevant for the group's operations

- IFRIC 12, 'Service concessions arrangements',
- IFRIC 13, 'Customer Loyalty programmes'.
- IFRS 8, 'Operating segments',

Cash flow statements

The requirement to prepare a cash flow statement in accordance with International Accounting Standard (IAS) 7 – Cash flow statements, in particular the definition of cash and cash equivalents

STATEMENT OF ACCOUNTING POLICIES

Taxation

The tax expense represents the tax currently payable The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Cash and Cash Equivalents

Cash and cash equivalents include the company's current bank accounts and short term deposits

1 Parent undertakings

The company's immediate parent undertaking is Eni UKCS Limited

The company's ultimate parent undertaking, Eni SpA, a company incorporated in Italy, will produce consolidated financial statements for the year ended 31 December 2007 which will be available from Eni SpA – Exploration & Production Division, Direzioni e Uffici, Via Emilia 1, 20097, San Donato Milanese, PO Box 12069, (20100) Milano

The parent company of the largest and smallest group into which the company is consolidated is Eni SpA

2 Directors and employees

None of the directors received any emoluments in respect of their services to the company during the year (2006 - £nil) and the company had no employees (2006 – none)

3 Other operating charges

	2006	**2007**
	£ '000	**£ '000**
Bank charges		
Banque Eni S A	-	**1**
Eni International Bank	1	**-**
	1	**1**

4 Operating loss

The audit fee of the company for the current and previous year has been borne by the intermediate parent company, Eni UK Limited For the purpose of disclosure, a fair allocation of the audit fee to the company would be £ 1,000 (2006 £ 800)

5 Taxation

	2006	**2007**
	£ '000	**£ '000**
Corporation tax at 30% (2006 – 30%)	-	**-**
	-	**-**

	2006	**2007**
	£ '000	**£ '000**
Loss before taxation	(1)	**(1)**
Taxation on loss before taxation @ 30% (2006 - 30%)	-	**-**
Total taxation	-	**-**

As the company is no longer carrying on a trade it can no longer surrender any taxation losses under Section 402 Taxes Act 1988

6 Cash and cash equivalents

	2006	2007
	£ '000	**£ '000**
Cash at bank and in hand		
Banque Eni S A	-	**8**
Eni International Bank	9	**-**
	9	**8**

7 Share capital

	2006	2007
	£ '000	**£ '000**
Authorised £1 ordinary equity shares	20	**20**
Allotted and fully paid £1 ordinary equity shares	11	**11**

The company's objective when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to its shareholder

The company regularly reviews its capital structure on the basis of its expected capital requirements in order to achieve the defined strategic objectives and manages its capital accordingly

The company's capital structure fully satisfies its capital requirements and has no necessity or intention of altering the current position

8 Retained deficit

	2006	2007
	£ '000	**£ '000**
At 1 January	(1)	**(2)**
Loss for the year	(1)	**(1)**
At 31 December	(2)	**(3)**