**ENI BBI LIMITED**

**DIRECTORS' REPORT**
**AND FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED**
**31 DECEMBER 2011**

**<u>REGISTERED OFFICE</u>**
**Eni House**
**10 Ebury Bridge Road**
**London SW1W 8PZ**

**Registered Number: 02556415**

## ENI BBI LIMITED

## DIRECTORS AND REGISTERED OFFICE

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**BOARD OF DIRECTORS**

P Hemmens
M Talamonti
M Trezza

**SECRETARY AND REGISTERED OFFICE**

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

**STATUTORY AUDITOR**

Ernst & Young LLP
1 More London Place
London
SE1 2AF

**REGISTERED IN ENGLAND NO: 02556415**

# DIRECTORS' REPORT

The dırectors present theır report and the audıted financıal statements of the company for the year ended 31 December 2011

**Prıncıpal activıty**

The company had ınterests ın a number of onshore productıon leases ın USA whıch were dısposed of durıng June 2010 The company has ceased tradıng actıvıty durıng 2011

**Results for the year**

The results for the year are set out on page 5 of the financıal statements A loss after tax for the year ended 31 December 2011 of £67,000 (2010 loss £245,000) was transferred to reserves

**Dividends**

The dırectors do not recommend the payment of a dıvıdend (2010 - £nıl)

**Business review and future company developments**

As a result of the dısposal of all ıts ınterests ın onshore productıon leases, the company ceased tradıng durıng 2011 Varıous new opportunıtıes for the future of the company are currently under consıderatıon by the dırectors

Durıng 2011, the company reduced ıts share capıtal of £1 2mıllıon to £1, and the correspondıng amount was transferred to retaıned earnıngs reserve

**Principal rısks and uncertainties**

The management of the busıness and the executıon of the company's strategy are subject to a number of rısks

The dırectors manage these rısks at a group level ın conjunctıon wıth the ultımate UK parent company, Enı UK Lımıted For thıs reason, the dırectors belıeve that a dıscussıon of the company's rısks would not be approprıate for an understandıng of the development, performance or posıtıon of ıts busıness The prıncıpal rısks and uncertaıntıes of the ultımate parent company and ıts subsıdıarıes, ıncludıng those of the company, are dıscussed ın the dırectors' report of Enı S p A

**Post balance sheet events**

There are no post balance sheet events sınce the year end

**Directors**

The present dırectors of the company are lısted on page 1 and have held office throughout the year wıth the followıng exceptıons

- P Hemmens was appoınted on 19 September 2011
- F Polo resıgned on 19 September 2011

Certaın dırectors benefıt from qualıfyıng thırd party ındemnıty provısıons ın place durıng the financıal year and at the date of thıs report

### Financial instruments

Details on the use of financial instruments and financial risk management are included in the relevant notes in the financial statements

### Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006 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

### Provision of information to auditor

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

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office

By order of the Board

F Dal Bello
Secretary

5 March 2012

## INDEPENDENT AUDITOR'S REPORT

**Independent auditor's report to the members of Eni BBI Limited**

We have audited the financial statements of Eni BBI Limited for the year ended 31 December 2011 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Shareholders' Equity, the Statement of Accounting Policies and the related notes 1 to 12 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

**Respective responsibilities of directors and auditor**
As explained more fully in the Directors' Responsibilities Statement set on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

**Scope of the audit of the financial statements**
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

**Opinion on financial statements**
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

William Testa (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
5 March 2012

ENI BBI LIMITED

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2011

| | Notes | 2010<br>£'000 | **2011**<br>**£'000** |
|---|---|---|---|
| Other income | 3 | 230 | **-** |
| **Total revenue** | | 230 | **-** |
| Loss on disposal of assets | 12 | (93) | **-** |
| Foreign exchange gain | 4 | 39 | **2** |
| Other service costs and expenses | 5 | (256) | **(54)** |
| **Operating loss** | | (80) | **(52)** |
| Interest payable | 6 | (53) | **-** |
| **Loss before taxation** | | (133) | **(52)** |
| Taxation | 7 | (112) | **(15)** |
| **Loss for the year** | | (245) | **(67)** |
| Other comprehensive income for the year, net of tax | | - | **-** |
| **Total comprehensive loss for the year** | | (245) | **(67)** |

All results are from continuing operations and total comprehensive loss for the year is attributable to the equity holders

## ENI BBI LIMITED

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

| | *Share Capital £'000* | *Retained Deficit £'000* | *Shareholders' Total Equity £'000* |
|---|---|---|---|
| Balance at 1 January 2010 | 1,200 | (377) | 823 |
| Total comprehensive loss for the year | - | (245) | (245) |
| Balance at 31 December 2010 | 1,200 | (622) | 578 |
| Total comprehensive loss for the year | - | (67) | (67) |
| Share capital reduction (note 10) | (1,200) | 1,200 | - |
| **Balance at 31 December 2011** | **-** | **511** | **511** |

**ENI BBI LIMITED (Registered Number: 02556415)**

**BALANCE SHEET**
**AS AT 31 DECEMBER 2011**

| **Assets** | *Notes* | 2010 £'000 | **2011 £'000** |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | *8* | 1,292 | **1,315** |
| **Total assets** | | 1,292 | **1,315** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | *9* | 602 | **804** |
| Current tax liabilities | *7* | 112 | **-** |
| **Total liabilities** | | 714 | **804** |
| **Shareholders' equity** | | | |
| Share capital | *10* | 1,200 | **-** |
| Retained earnings / (deficit) | *11* | (622) | **511** |
| **Total shareholders' equity funds** | | 578 | **511** |
| **Total shareholders' equity and liability** | | 1,292 | **1,315** |

The financial statements from page 5 to 14 were approved by the Board on 5 March 2012

On behalf of the Board

**M Talamonti**
Director

ENI BBI LIMITED

## CASH FLOW STATEMENT
## FOR THE YEAR ENDED 31 DECEMBER 2011

| | Notes | 2010 £ '000 | **2011 £ '000** |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net loss for the year | | (245) | **(67)** |
| **Adjustments for:** | | | |
| Loss on disposal intangible asset | *12* | 93 | **-** |
| Interest payable | *6* | 53 | **-** |
| Tax charge for the year | *7* | 112 | **15** |
| **Changes in working capital.** | | | |
| Increase in trade and other payables | *9* | 546 | **202** |
| **Cash generated from operating activities** | | 559 | **150** |
| Tax paid | | - | **(127)** |
| Interest paid | | (53) | **-** |
| **Net cash generated from operating activities** | | 506 | **23** |
| **Cash flow from investing activities** | | | |
| Net loss from sales of intangible assets | *12* | (93) | **-** |
| **Net cash flow from investing activities** | | (93) | **-** |
| **Net increase in cash and cash equivalents** | | 413 | **23** |
| **Cash and cash equivalents at 1 January** | | 879 | **1,292** |
| Effects of exchange rate on cash and cash equivalent | | - | **-** |
| **Cash and cash equivalents at 31 December** | *8* | 1,292 | **1,315** |

## STATEMENT OF ACCOUNTING POLICIES

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

**General Information**

The company is a limited liability company incorporated and domiciled in the UK

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 as applicable to companies reporting under IFRS The financial statements have been prepared under the historical cost convention

**Adoption of new and revised Standards**

The following standards, amendments and interpretations to existing standards, issued by the IASB and endorsed by the EU, are applicable to the company for the first time in the current year and have been adopted by the company with no impact on the company's accounting policies or on its results or net assets included within these financial statements

- IAS 1, 'Presentation of Financial Statements' – amended to clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the Statement of Changes in Equity or in the notes to the financial statements

  The company has chosen to present such an analysis of other comprehensive income, if any, in the notes to the financial statements with a single line presentation of other comprehensive income in the Statement of Changes in Equity, and

- IAS 24, 'Related Party Disclosures' - amendments mainly clarifying the definition of a related party to simplify the identification of related party transaction Amendments to IAS 24 also introduce a partial exemption from related party disclosures for government-related entities

  The company is not a government-related entity The application of the revised definition of related party has not resulted in the identification of any related parties that were not identified as related parties under the previous Standard

The following standards, amendments and interpretations to existing standards, issued by the International Accounting Standards Board (IASB) and endorsed by the EU, are effective for the first time in the current year but are either not relevant or have no material impact on these financial statements

- IAS 32, 'Financial Instruments Presentation – Classification or Rights issues' – amendments to the definition of financial liabilities to classify rights issues as equity instruments under certain conditions,
- IFRIC 14, 'Prepayment of a Minimum Funding Requirement' – amendments providing guidance on assessing the recoverable amount of a net pension asset,
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments' –interpretation clarifying the accounting for equity instruments issued to creditors to extinguish a financial liability, and
- Further amendments to IAS 27, IAS 34, IFRS1, IFRS 3, IFRS 7 and IFRIC 13 as part of the Improvement to IFRS (issued 2010)

**Adoption of new and revised Standards (continued)**

The following standards, amendments and interpretations to existing standards relevant to the company are not yet effective and have not been early adopted by the company in these financial statements

- IFRS 7, 'Financial Instruments Disclosures' – requiring additional qualitative and quantitative disclosures relating to transfer of financial assets - Effective for annual periods beginning on or after 1 July 2011

The following standards and interpretations have been issued by the IASB, but have not been endorsed by the European Commission for their application to become mandatory

- IAS 1, 'Presentation of Financial Statements', effective for annual periods beginning on or after 1 January 2013, amended to change the grouping of items presented in Other Comprehensive Income,
- IAS 19 ' Employee Benefits', effective for annual periods beginning on or after 1 January 2013, the revised standard includes a number of amendments For example, the ability to defer recognition of actuarial gains and losses (i e , the corridor approach) has been removed Also there are new requirements to disclose quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption,
- IAS 27, 'Separate Financial Statements', effective for annual periods beginning on or after 1 January 2013 - amendments triggered by IFRS 10 to the portion that addresses the accounting for consolidated financial statements,
- IAS 28, 'Investments in Associates and Joint Ventures', effective for the periods beginning on or after 1 January 2013 IAS 28 sets out the requirements for the application of the equity method of accounting for investments in associates and joint ventures,
- IFRS 9 'Financial Instruments', effective for annual accounting periods beginning on or after 1 January 2015 IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value,
- IFRS 11 'Joint Arrangements', effective for annual accounting periods beginning on or after 1 January 2013 IFRS 11 overhauls the accounting for joint ventures (now called joint arrangements), in particular, the transition from equity method to proportionate consolidation for investments in jointly controlled entities (referred to as joint operations under IFRS 11),
- IFRS 12 'Disclosure of Interests in Other Entities', effective for annual accounting periods beginning on or after 1 January 2013 IFRS 12 requires extensive disclosures enabling users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on financial statements, and
- IFRS 13 'Fair Value Measurement', effective for annual accounting periods beginning on or after 1 January 2013 IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard

**Financial instruments**

*Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for maturities greater than 12 months after the balance sheet date These are classified as non-current assets Loans and receivables are classified as trade and other receivables and cash and cash equivalents in the balance sheet

**Taxation**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

### Foreign currencies

The company's functional currency is Sterling

Transactions denominated in a foreign currency are converted to Sterling at rates ruling at the date of the transaction Assets and liabilities denominated in functional currencies have been translated at the rates ruling at the balance sheet date The resulting exchange gains or losses are recognised in the income statement The year-end exchange rate of Sterling to US Dollar is 0 646 (2010 – 0 644)

### Revenue recognition

Revenue is recognised when the amount can be reliably measured, and it is probable that future economic benefits will flow to the company

*Other income*
Other income comprises revenue from the provision of services, and other miscellaneous income This income is recognised when the services are provided

### Cash and cash equivalents

Cash and cash equivalents comprise the company's current bank accounts and cash short-term deposits with an original maturity of three months or less

### Related party transactions

The company has complied with the requirements of International Accounting Standard ("IAS") 24 – Related party transactions in these financial statements Transactions with related parties are disclosed in each relevant note

## 1 Parent undertakings

The company's immediate parent undertaking is Eni UK Limited

The company's ultimate parent undertaking, Eni S p A a company incorporated in Italy, will produce consolidated financial statements for the year ended 31 December 2011 which will be available from Eni S p A - 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 S p A

## 2 Directors and employee information

None of the directors received any emoluments in respect of their services to the company during the year (2010 - £nil) and the company had no employees (2010 - nil)

## 3 Other income

| | 2010<br>£ '000 | **2011**<br>**£ '000** |
|---|---|---|
| Third parties | 230 | **-** |

The other income predominately comes from the fees received for a number of the onshore production leases in USA which were disposed in 2010

## 4 Foreign exchange gains

| | 2010<br>£ '000 | **2011**<br>**£ '000** |
|---|---|---|
| Foreign exchange gains | 39 | **2** |

## 5 Other service costs and expenses

| | 2010<br>£ '000 | **2011**<br>**£ '000** |
|---|---|---|
| Third parties | 256 | **54** |

This year and last year's auditors' remuneration was borne by Eni UK Limited For the purpose of disclosure, a fair allocation of the audit fee to the company would be £461 (2010 - £461)

## 6 Interest payable

| | 2010<br>£ '000 | **2011**<br>**£ '000** |
|---|---|---|
| Interest payable on taxation | 53 | **-** |

## 7 Taxation

The tax charge for the year comprises

| | 2010 £'000 | **2011 £'000** |
|---|---|---|
| **Current tax @ 26 5% (2010 – 28%)** | | |
| Foreign taxes in respect of previous periods | 112 | **15** |
| **Total tax charge for the period** | 112 | **15** |

**Factors affecting tax charge for the year**

The tax assessed for the period is higher (2010-lower) than the standard rate of corporation tax applicable to companies in the UK of 26 5% (2010 – 28%) The differences are explained below

| | 2010 £'000 | **2011 £'000** |
|---|---|---|
| **Loss before taxation** | (133) | **(52)** |
| Taxation on loss before tax @26 5% (2010 – 28%) | (37) | **(14)** |
| Expenditure not allowable for tax | 62 | **14** |
| Foreign taxes in respect of previous periods | 112 | **15** |
| Group relief (claimed) /surrendered for no consideration | (25) | **-** |
| **Total taxation** | 112 | **15** |

Other group companies have agreed to surrender for no consideration, taxation losses under section 99 Corporation Tax Act 2011 sufficient to cover the UK taxable profits for the company for the year

## 8 Cash and cash equivalents

| | 2010 £'000 | **2011 £'000** |
|---|---|---|
| Third parties | 1,292 | **1,315** |

## 9 Trade and other payables

| | 2010 £'000 | **2011 £'000** |
|---|---|---|
| Parent company - ENI UK Ltd | **136** | **468** |
| Trade payables | | |
| Third party | **129** | **1** |
| Affiliate Company | | |
| Eni Australia Limited | **337** | **335** |
| | **602** | **804** |

## 10 Share capital

| | Authorised* | | Allotted, called up and fully paid** | |
|---|---|---|---|---|
| | 2010 Number | **2011 Number** | 2010 £'000 | **2011 £'000** |
| Ordinary shares of £1 each | 5,000,000 | - | 1,200 | - |

*On 15 June 2011, the company adopted new Articles of Association which also amended those provisions of the Memorandum of Association which by virtue of s 28 of the Companies Act 2006 form part of the Articles of Association, including the removal of the Authorised Share Capital clause

** On 30 November 2011, the company reduced its share capital to 1 ordinary share in compliance with the requirements of Companies Act 2006 The corresponding balance was transferred to retained earnings

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

## 11 Retained earnings /(deficit)

| | 2010 £'000 | **2011 £'000** |
|---|---|---|
| At 1 January | (377) | **(622)** |
| Share capital reduction | - | **1,200** |
| Loss for the year | (245) | **(67)** |
| **At 31 December** | (622) | **511** |

## 12 Intangible assets

The company had interests in a number of onshore production leases in USA which were sold in 2010 at a consideration of £130,000 This transaction resulted in a net loss of £93,000 after deducting the costs of disposal The net book value of intangible assets had already been written off to nil in prior years The company holds no intangible asset as at 31 December 2011