

Registration number: 3772705

Delta Oil (UK) Limited

Directors' Report and Financial Statements
for the Year Ended 5 October 2007

A J Charik & Co
Chartered Accountants, Registered Auditors
24 Churchill Crescent
Headley
Bordon
Hampshire
GU35 8ND

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Delta Oil (UK) Limited

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Delta Oil (UK) Limited
Company Information

Directors	B M Al-Aiban P J Beck
Secretary	P J Beck
Registered office	Charters House Charters Road Ascot Berks SL5 0HA
Auditors	A J Charik & Co Chartered Accountants, Registered Auditors 24 Churchill Crescent Headley Bordon Hampshire GU35 8ND

Delta Oil (UK) Limited

Directors' Report for the Year Ended 5 October 2007

The directors present their report and the audited financial statements for the year ended 5 October 2007.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility 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.

Each director has taken 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. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Principal activity

The principal activity of the company is that of an investment company..

Directors

The directors who held office during the year were as follows:

- B M Al-Aiban
- P J Beck

Auditors

The auditors, A J Charik & Co, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985.

Election to dispense laying accounts

In accordance with s.252, Companies Act 1985, the company has elected to dispense with laying accounts before the members in general meeting. Members, however, may by notice in writing to the company at its registered office require that accounts are laid before the members in general meeting.

Delta Oil (UK) Limited
Directors' Report for the Year Ended 5 October 2007

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Small company provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 5 November 2008 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P J Beck', is written over a horizontal dotted line.

P J Beck
Director

Independent Auditors' Report to the Members of Delta Oil (UK) Limited

We have audited the financial statements of Delta Oil (UK) Limited for the year ended 5 October 2007 which comprises the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the Financial Reporting Standards for Smaller Entities (Effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 auditors' 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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).

We report to you our opinion as to whether the financial statements give a true and fair view and are 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an 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 judgements 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 United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 5 October 2007 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Directors' Report is consistent with the financial statements.



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A J Charik & Co
Chartered Accountants, Registered Auditors

5 November 2008

24 Churchill Crescent
Headley
Bordon
Hampshire
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Delta Oil (UK) Limited
Profit and Loss Account for the Year Ended 5 October 2007

	Note	2007 £	2006 £
Turnover		-	-
Administrative expenses		(2,383,646)	(13,032,252)
Other operating income		-	37,871,790
Operating (loss)/profit	2	<u>(2,383,646)</u>	<u>24,839,538</u>
Other interest receivable and similar income		37,445	-
Interest payable and similar charges		(3,748,912)	(148,706)
(Loss)/profit on ordinary activities before taxation		<u>(6,095,113)</u>	<u>24,690,832</u>
Tax on (loss)/profit on ordinary activities	5	1,686	-
(Loss)/profit for the financial year	12	<u>(6,093,427)</u>	<u>24,690,832</u>
Profit and loss reserve brought forward		(3,658,901)	(26,388,900)
Other profit and loss reserve movements	12	-	(1,960,834)
Profit and loss reserve carried forward		<u>(9,752,328)</u>	<u>(3,658,902)</u>

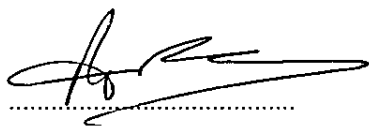
The notes on pages 7 to 11 form an integral part of these financial statements.

Delta Oil (UK) Limited
Balance Sheet as at 5 October 2007

		2007		2006	
	Note	£	£	£	£
Fixed assets					
Investments	7		29,905,000		29,905,000
Current assets					
Debtors	8	17,737,621		19,254,622	
Cash at bank and in hand		<u>16,227</u>		<u>16,071</u>	
		17,753,848		19,270,693	
Creditors: Amounts falling due within one year	9	<u>(53,205,368)</u>		<u>(48,500,655)</u>	
Net current liabilities			<u>(35,451,520)</u>		<u>(29,229,962)</u>
Total assets less current liabilities			(5,546,520)		675,038
Creditors: Amounts falling due after more than one year	10		<u>(4,205,708)</u>		<u>(4,333,840)</u>
Net liabilities			<u>(9,752,228)</u>		<u>(3,658,802)</u>
Capital and reserves					
Called up share capital	11		100		100
Profit and loss reserve	12		<u>(9,752,328)</u>		<u>(3,658,902)</u>
Shareholders' deficit			<u>(9,752,228)</u>		<u>(3,658,802)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the Board on 5 November 2008 and signed on its behalf by:



P J Beck
Director

The notes on pages 7 to 11 form an integral part of these financial statements.

Delta Oil (UK) Limited

Notes to the Financial Statements for the Year Ended 5 October 2007

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2007	2006
	£	£
Auditors remuneration	2,000	2,000
Foreign currency losses	2,358,436	758,472
Profit on disposal of investments	-	(37,871,790)

3 Directors' emoluments

The directors' emoluments for the year are as follows:

	2007	2006
	£	£
Directors' remuneration	-	11,031,188

Delta Oil (UK) Limited
Notes to the Financial Statements for the Year Ended 5 October 2007

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4 Interest payable

Interest payable includes £3,747,389 (2006 - £0) payable on loans from group companies.

5 Taxation

Analysis of current period tax credit

	2007 £	2006 £
Current tax		
(Over)/under provision in previous year	<u>(1,686)</u>	<u>-</u>

6 Dividends

	2007 £	2006 £
Equity dividends	<u>-</u>	<u>43,465,614</u>

Delta Oil (UK) Limited
Notes to the Financial Statements for the Year Ended 5 October 2007

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7 Investments held as fixed assets

	Other investments £
Cost	
As at 6 October 2006 and 5 October 2007	<u>29,905,000</u>
Net book value	
As at 5 October 2007	<u>29,905,000</u>
As at 5 October 2006	<u>29,905,000</u>

Unlisted investments - Delta Oil Capital Limited

The issued share capital of Delta Oil Capital Limited is £100,000 ordinary £1 A shares and £1,000 10p B shares. The B shares have no voting rights. At 5 October 2007 the company's investment in Delta Oil Futures Limited comprised 99.5% of the issued B shares. The aggregate amount of capital and reserves of Delta Oil Capital Limited is £30,005,000 and the profit per the latest management accounts is £nil.

8 Debtors

	2007 £	2006 £
Other debtors	<u>17,737,621</u>	<u>19,254,622</u>
Debtors includes £17,700,176 (2006 - £19,254,622) receivable after more than one year.		

9 Creditors: Amounts falling due within one year

	2007 £	2006 £
Other creditors	52,205,368	47,500,655
Director current accounts	<u>1,000,000</u>	<u>1,000,000</u>
	<u>53,205,368</u>	<u>48,500,655</u>

Delta Oil (UK) Limited
Notes to the Financial Statements for the Year Ended 5 October 2007

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10 Creditors: Amounts falling due after more than one year

	2007 £	2006 £
Director current accounts	<u>4,205,708</u>	<u>4,333,840</u>

11 Share capital

	2007 £	2006 £
Authorised		
Equity		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
Equity		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

12 Reserves

	Profit and loss reserve £
Balance at 6 October 2006	(3,658,901)
Transfer from profit and loss account for the year	<u>(6,093,427)</u>
Balance at 5 October 2007	<u>(9,752,328)</u>

Delta Oil (UK) Limited

Notes to the Financial Statements for the Year Ended 5 October 2007

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13 Related parties

Controlling entity

The issued share capital is owned by Delta Oil 2005 Number Three Limited, a company ultimately controlled by Sheikh B M Al-Aiban.

Related party transactions

At the balance sheet date the company owed Delta Oil Services (UK) Limited £893,879 (5 October 2006 - £871,546), a company which is under the control of B M Al-Aiban. The loan is interest free and there are no fixed repayment terms.

At the balance sheet date the company owed Midad Investments Limited (a company incorporated in Cyprus) £17,484,708 (5 October 2006 £16,551,716), a company which is under the control of B M Al-Aiban. The loan is interest free and there are no fixed repayment terms.

The unlisted investments, as detailed in note 6 to the accounts are under the control of B M Al-Aiban. At the balance sheet date the company owed Delta Oil Capital Limited £33,820,781 (5 October 2006 - £30,073,392). This amount has subsequently been waived as detailed in note 13 below.

Director's loan account

The following balance owed to the director was outstanding at the year end:

	2007	2006
	£	£
B M Al-Aiban	<u>5,205,708</u>	<u>5,333,840</u>

No interest is charged in respect of this balance.

£1,000,000 is included in creditors due within one year (5 October 2006 £1,000,000). The balance is included in creditors due within one year and is interest free with no fixed repayment terms.

14 Post Balance Sheet Event

On 12 October 2007 a deed of waiver was entered into between the company and Delta Oil Capital Ltd. It was agreed to waive payment of the loan principal of £30,005,004 and accrued interest of £3,815,777 outstanding at the balance sheet date. In these circumstances, full provision should be made for loss in value of the company's investment in Delta Oil Capital Ltd shown at cost of £29,905,000 in fixed assets.