Registered number 04123189

TERRA ENERGY SERVICES LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

INDEPENDENT AUDITORS' REPORT TO TERRA ENERGY SERVICES LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 3 to 9, together with the financial statements of Terra Energy Services Limited for the year ended 31 December 2009 prepared under section 396 of the Companies Act 2006

This report is made solely to the Company in accordance with section 449 of the Companies Act 2006 Our work has been undertaken so that we might state to the Company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

The director is responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006 It is our responsibility to form an independent opinion as to whether the Company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the Company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared

OPINION

In our opinion the Company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts on pages 3 to 9 have been properly prepared in accordance with the regulations made under that section

INDEPENDENT AUDITORS' REPORT TO TERRA ENERGY SERVICES LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006

OTHER INFORMATION

On 27 September 2010 we reported as auditors to the Company on the financial statements prepared under section 396 of the Companies Act 2006 and included the following statement

Emphasis of matter- Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern The company's liabilities exceed its total assets by £2,334,035 and its continuance is dependent principally on the support of companies within the group of which the company is a member The matters outlined in that note indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern

Simon Kinna (Senior statutory auditor)

for and on behalf of
BARTRUM LERNER

Statutory Auditor

39A Welbeck Street
London
W1G 8DH

27 September 2010

TERRA ENERGY SERVICES LIMITED
REGISTERED NUMBER 04123189

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	2		62,519		-
Fixed asset investments	3		-		42
			62,519		42
CURRENT ASSETS					
Debtors	4	3,740,535		3,398,850	
Cash at bank and in hand		183,895		85,335	
		3,924,430		3,484,185	
CREDITORS amounts falling due within one year		(6,320,984)		(6,857,448)	
NET CURRENT LIABILITIES			(2,396,554)		(3,373,263)
TOTAL ASSETS LESS CURRENT LIABILITIES			(2,334,035)		(3,373,221)
CAPITAL AND RESERVES					
Called up share capital	5		1		1
Profit and loss account			(2,334,036)		(3,373,222)
SHAREHOLDERS' DEFICIT			(2,334,035)		(3,373,221)

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 were approved and authorised for issue by the board and were signed on its behalf on 27 September 2010

A Bligh
Director

The notes on pages 4 to 9 form part of these financial statements

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES

1 1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements have been prepared on the going concern basis, which the director believes to be appropriate for the following reasons

In recent years the company had been dependent on its ultimate parent company Terra Global Limited ("TGL") for its working capital On 3 July 2006 TGL issued three equal sets of convertible notes (the "Notes") totalling $15,000,000 which were due to be repaid on 31 December 2008 TGL was unable to repay the principal and interest due at that date, putting it in default and giving the Note Holders certain rights of action, including seeking for TGL to be placed in administration The interests of two of the three Note Holders were acquired by a third party and in October 2009 the directors of TGL reached agreement with that party for the exchange of their Notes for a proportion of assets in TGL, including two thirds of the debt owed by the Company to TGL TGL was placed in liquidation on 13th August 2010

Prior to TGL being placed in liquidation agreement had not been reached with the other Note Holder and their intentions are currently unknown but the director believes that any action as a consequence of the liquidation will not affect the company's ability to continue as a going concern

The director also believes that related companies will be able to provide funds as they fall due for payment to the company and that it remains appropriate to prepare the financial statements on a going concern basis

The material uncertainties may, however, cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

1 2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

L/Term Leasehold Property	-	over the period of the lease
Fixtures & fittings	-	33 33% reducing balance

1 3 Investments

Investments held as fixed assets are shown at cost less provision for impairment

1 ACCOUNTING POLICIES (continued)

1 4 Turnover

Turnover compnses revenue recognised by the company in respect of data and services supplied, exclusive of Value Added Tax This includes agency and facilitation fees and commissions which are recognised when the data or services are provided to the customer Turnover also includes Partnershare revenues resulting from joint contractual agreements net of amounts receivable by joint contractors

Revenue from sales of multi-client seismic data is

- In the form of prefunding, defined as amounts funded by customers prior to or during the acquisition phase, recognised as revenue on a percentage-of-completion basis by evaluating the progress to date

- In the form of licenses of data from the company's multi-client library that are recognised as revenue when the company enters into a license agreement for specific data with the customer, the customer has been granted access to the licensed data and collection is reasonably assured

- In the form of volume sales agreements related to portions of the company's multi-client library within a defined geographical area that are recognised as revenue, based on a rateable portion of the total volume sales agreement revenue, when the company enters into a license agreement with the customer for specific data covered by the agreement, the customer has been granted access to the licensed data and collection is reasonably assured

For multi-client surveys, the company typically obtains prefunding that covers only a portion of the costs of the surveys from a small number of oil and gas companies that desire to obtain seismic data in the areas to be covered by the surveys As a result, the company assumes the risk that future sales of such data may not ultimately cover the remaining costs

Revenue sharing

The company is able to undertake seismic surveys by entering into agreements with those who hold the rights to the land or sea bed Such agreements commonly provide that proportions of the company's income derived from survey data shall be attributable to the landowner and these amounts are deducted from gross turnover to produce the net turnover for the company

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives Assets acquired by hire purchase are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1 ACCOUNTING POLICIES (continued)

1 6 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year

1 7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1 8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

2 TANGIBLE FIXED ASSETS

	£
Cost	
At 1 January 2009	51,441
Additions	63,886
Disposals	(51,441)
At 31 December 2009	63,886
Depreciation	
At 1 January 2009	51,441
Charge for the year	1,367
On disposals	(51,441)
At 31 December 2009	1,367
Net book value	
At 31 December 2009	62,519
At 31 December 2008	-

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009

3 FIXED ASSET INVESTMENTS

	£
Cost or valuation	
At 1 January 2009 and 31 December 2009	42
Impairment	
At 1 January 2009	-
Impairment	42
At 31 December 2009	42
Net book value	
At 31 December 2009	-
At 31 December 2008	*42*

Listed investments

The market value of the listed investments at 31 December 2009 was £NIL *(2008 - £NIL)*

Unlisted investment

The Company has a 50% holding in the ordinary shares of GESeis SA, a company which was established as a joint venture in Equatorial Guinea between the Company and a local oil company The principal activity of GESeis SA is the planning, acquisition, exploitation of seismic data and other geophysical studies in the hydrocarbons sector

The joint venture agreement came to an end in May 2009 and GeSeis SA is not actively trading As a result the company interest is treated as an investment which has been previously subject to impairment as the investment is considered to have no value

4 DEBTORS

Debtors include £31,574 *(2008 - £NIL)* falling due after more than one year

A lease deposit, disclosed as other debtors due after more than one year, is subject to a legal charge

5. SHARE CAPITAL

	2009	*2008*
	£	*£*
Allotted, called up and fully paid		
1 Ordinary share of £1	1	*1*

6. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At the balance sheet date, the company was a wholly owned subsidiary of Mullewa Limited, a UK company Mullewa Limited was also wholly owned subsidiary of Terra Global Ltd, a company registered in Bermuda, however, in 2010 two thirds of Terra Global Ltd's interest in Mullewa Limited was transferred to SJ Investments Limited, a company registered in Belize