

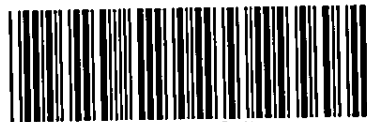
4310477

# **Louis Dreyfus Energy Holdings Limited**

## **Report and Financial Statements**

31 December 2007

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COMPANIES HOUSE

# Louis Dreyfus Energy Holdings Limited

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Registered No 4310477

## **Directors**

B Baldensperger  
R L Caperton  
E F Steiner

## **Secretary**

R G Bourn

## **Auditors**

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

## **Registered Office**

Queensberry House  
3 Old Burlington Street  
London W1S 3LD

## Directors' report

The directors submit their report and the financial statements for Louis Dreyfus Energy Holdings Limited (the "Company") for the year ended 31 December 2007

### Results and dividends

The company's profit for the year was \$3,847,000 (2006 – \$1,027,387,000) Dividends of \$28,000,000 (2006 – \$1,000,000,000) were paid during the year

### Principal activities and business review

The Company was actively investigating investment opportunities in various business areas primarily the renewable energy sector

Previously the Company was acting as a holding company for a group, which was involved in the refining and marketing of petroleum products in Europe

In November 2007 the Company completed the purchase of 115,000,000 of its own \$1 ordinary shares from its parent at a cost of \$115,000,000 (\$1 per share) The purchase was financed by \$4,569,262 from distributable reserves and \$110,430,738 from capital

### Principal risks and uncertainties

The Company's principal risk is exposure to interest rates

### Key performance indicators

Due to the nature of the business the directors do not believe it necessary to disclose key performance indicators

### Future developments

The Company expects to make an investment in a forestry development and renewable energy company held by the group in 2008

### Directors' and officers' indemnity insurance

The Company has taken out insurance to indemnify, against third party proceedings, the directors of the Company whilst serving on the board of the Company These indemnity policies subsisted throughout the year and remain in place at the date of this report

### Directors and their interests

The directors who served during the year were as follows

G Louis-Dreyfus (Resigned 28 August 2007)  
B Baldensperger  
R L Caperton  
E F Steiner

No director has any interest required to be disclosed under Schedule 7 of the Companies Act 1985

## Directors' report

### Events since Balance Sheet date

There have been no events since the balance sheet date which would necessitate revision of the figures included in these financial statements. In March 2008 the majority of the employees resigned and were re-employed by another group company. The remaining employees were made redundant.

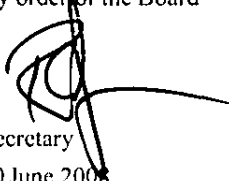
### Statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing the audit report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor each director has taken all the steps he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Secretary

30 June 2008

## **Statement of directors' responsibilities in respect of the financial statements**

Company law requires the directors to prepare financial statements for each financial year which 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 whether applicable accounting standards 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

# **Independent auditors' report**

**to the members of Louis Dreyfus Energy Holdings Limited**

We have audited the financial statements of Louis Dreyfus Energy Holdings Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 in 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 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, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

## Independent auditors' report

to the members of Louis Dreyfus Energy Limited (continued)

- the information given in the directors' report is consistent with the financial statements

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

30 June 2008

## Profit and loss account

for the year ended 31 December 2007

	Notes	2007 \$000	2006 \$000
Administrative expense		(2,976)	(12 417)
Amortisation of notes issue costs		-	(1 457)
Interest receivable and similar income	5	8,661	28,751
Interest payable and similar charges	6	-	(8,128)
Other (expense)/income		(4)	556
Profit on the sale of investments	7	1	1,022,625
<b>Profit on ordinary activities before taxation</b>		<b>5,682</b>	<b>1,029,930</b>
Tax on profit on ordinary activities	8	(1 835)	(2 543)
<b>Profit on ordinary activities after taxation</b>	15	<b>3,847</b>	<b>1,027,387</b>

There are no recognised gains or losses other than the profit for the year of \$3,847,000 (2006 profit of \$1,027,387,000)

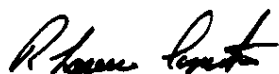


## Balance sheet

at 31 December 2007

	Notes	2007 \$000	2006 \$000
<b>Fixed assets</b>			
Tangible fixed assets	11	123	49
Investments	10	—	—
<b>Current assets</b>			
Debtors	12	27,295	163,261
Cash at bank and in hand		4,107	8,461
<b>Total current assets</b>		<u>31,402</u>	<u>171,722</u>
<b>Creditors</b> , amounts falling due within one year	13	(2,288)	(3,381)
<b>Net current assets</b>		<u>29,114</u>	<u>168,341</u>
<b>Net assets</b>		<u>29,237</u>	<u>168,390</u>
<b>Capital and reserves</b>			
Called up share capital	14	25,000	140,000
Capital redemption reserve	15	4,569	—
Profit and loss account	15	(332)	28,390
<b>Shareholders' funds</b>		<u>29,237</u>	<u>168,390</u>

On behalf of the Board



R L Caperton  
Director

30 June 2008

## Notes to the financial statements

at 31 December 2007

### 1. Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year are

#### Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

#### Cash flow statement

As the immediate parent undertaking will publish a group cash flow statement in compliance with Financial Reporting Standard No 1 (Revised), a cash flow statement is not presented in these financial statements

#### Fixed assets

Tangible fixed assets are recorded at historical cost less accumulated depreciation

Depreciation is calculated to write off fixed assets over their estimated useful lives on a straight-line basis at the following rates

Furniture, fixtures, fittings and equipment	–	between 4 and 10 years
Leasehold improvements	–	between 4 and 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable

#### Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date. Deferred taxation is not recognised when an asset is sold if it is more likely than not that the taxable gain will be rolled over. Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Provisions for deferred taxation are not discounted. Deferred tax assets and liabilities are calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

#### Foreign currencies

Monetary assets and liabilities denominated in currencies other than US Dollars are translated at the exchange rate ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

#### Investments

Investments are recorded at cost, less any provision for impairment.

## Notes to the financial statements

at 31 December 2007

### 2. Operating profit

This is stated after charging

	2007	2006
	\$000	\$000
Auditors remuneration – audit services	41	405
– non-audit services	357	304
Foreign exchange gain	(3,597)	(478)
Depreciation	47	16

### 3 Staff costs

	2007	2006
	\$000	\$000
Wages and salaries	2,632	5,251
Other pension costs	267	–
Social security costs	257	575
	3,156	5 826

Other pension costs outstanding at 31 December 2007 amounted to \$266,610 (2006: \$Nil). These are included in creditors falling due within one year at the year end.

The average number of employees during the year was 10 (2006: 11).

### 4. Directors' emoluments

	2007	2006
	\$000	\$000
Aggregate directors' emoluments	714	571

The amounts in respect of the highest paid director are as follows

	2007	2006
	\$000	\$000
Emoluments	714	571

## Notes to the financial statements

at 31 December 2007

### 5. Interest receivable and similar income

	2007 \$000	2006 \$000
Banks	99	479
Receivable from group undertakings	8,562	28,272
	<u>8,661</u>	<u>28,751</u>

### 6 Interest payable and similar charges

	2007 \$000	2006 \$000
Banks	–	51
Other	–	8,077
	<u>–</u>	<u>8,128</u>

### 7. Profit on the sale of investments

The profit on the sale of investments relates to the profit on the sale of the Company's subsidiary undertakings, Louis Dreyfus Refining & Marketing Ltd and Louis Dreyfus Energy Holding GmbH, to ConocoPhillips on 28 February 2006

The result after taxation for the subsidiary undertakings for the 2 month period ending 28 February 2006 was a loss of \$19,448,000

### 8. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2007 \$000	2006 \$000
Current tax		
UK corporation tax	1,915	2,543
Deferred tax		
Origination of timing differences	(80)	–
	<u>1,835</u>	<u>2,543</u>

There is no deferred tax liability. The Company has a deferred tax asset of \$79,983 (2006 – \$nil)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 – 30%). The differences are reconciled below

## Notes to the financial statements

at 31 December 2007

### 8. Tax on profit on ordinary activities (continued)

	2007 \$000	2006 \$000
Profit on ordinary activities before tax	5,682	1,029,930
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 – 30%)	1,705	308,979
Expenses not deductible for tax purposes	91	139
Income not chargeable for tax purposes	–	(306,827)
Deferred tax asset not recognised	–	103
Losses arising in the year not deductible against current tax	80	–
Tax underprovided in prior year	39	–
Effect of foreign exchange in tax charge	–	149
Total current tax charge	1,915	2,543

The directors believe that the sale of the subsidiaries in 2006 should qualify for the Substantial Shareholdings Exemption, which would exempt the gain on sale from UK Corporation Tax, and have prepared these financial statements on the basis that the exemption will apply

### 9. Dividends

	2007 \$000	2006 \$000
Dividends paid		
- Louis Dreyfus Holdings Limited	28,000	1,000,000

### 10. Investments

	2007 \$000	2006 \$000
Cost		
At 1 January	–	215,405
Disposals	–	(215,405)
At 31 December	–	–

## Notes to the financial statements

at 31 December 2007

### 10. Investments (continued)

The company executed a definitive agreement with ConocoPhillips in November 2005 for the cash sale of all its subsidiary undertakings. The sale completed on 28 February 2006. Details of those investments are as follows:

<i>Subsidiary undertakings</i>	<i>Country of incorporation or principal business address</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Louis Dreyfus Refining and Marketing Limited	UK	Ordinary shares	100%	Refining and marketing of petroleum
Louis Dreyfus Energy Holdings GmbH	Germany	Ordinary shares	100%	Intermediate holding company for group
- Louis Dreyfus & Cie Mineraloel GmbH	Germany	Ordinary shares	100%	Marketing of petroleum products
- Wilhelmshavener Raffineriegesellschaft mbH	Germany	Ordinary shares	100%	Refining of petroleum products

### 11. Tangible fixed assets

	<i>Furniture, Fixtures and fittings \$000</i>	<i>Leasehold improvements \$000</i>	<i>Total \$000</i>
<b>Cost</b>			
At 1 January 2007	65	–	65
Additions	73	48	121
Disposals	–	–	–
At 31 December 2007	138	48	186
<b>Depreciation.</b>			
At 1 January 2007	16	–	16
Provided during the year	35	12	47
Disposals	–	–	–
At 31 December 2007	51	12	63

## Notes to the financial statements

at 31 December 2007

### 11. Tangible fixed assets (continued)

<b>Net book value</b>			
At 31 December 2007	87	36	123
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2006	49	–	49
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2005	–	–	–
	<u>          </u>	<u>          </u>	<u>          </u>

### 12. Debtors

	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>
Amounts owed by group undertakings	27,061	163,130
Trade debtors	92	128
Corporation tax (including deferred tax)	137	–
Other debtors	5	3
	<u>27,295</u>	<u>163,261</u>
	<u>          </u>	<u>          </u>
	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>
Amounts falling due after more than one year included above are		
Amounts owed by group undertakings	–	75,000
	<u>          </u>	<u>          </u>

### 13. Creditors amounts falling due within one year

	<i>2007</i>	<i>2006</i>
	<i>\$000</i>	<i>\$000</i>
Amounts owed to group undertakings	1,122	1,236
Trade creditors	9	27
Accruals and deferred income	1,053	1,025
Corporation tax	–	982
Other taxes and social security costs	104	111
	<u>2,288</u>	<u>3,381</u>
	<u>          </u>	<u>          </u>

## Notes to the financial statements

at 31 December 2007

### 14 Share capital

Share capital represents the issued share capital of the company

Ordinary shares of \$1 each

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>No</i>	<i>\$000</i>	<i>No</i>	<i>\$000</i>
At 1 January 2007 and 1 January 2006	200,000,000	200,000	140,000,000	140,000
Repurchase of shares from capital	-	-	(110,430,739)	(110,431)
Repurchase of shares from distributable profits	-	-	(4,569,261)	(4,569)
At 31 December 2007	200,000,000	200,000	25,000,000	25,000

In November 2007 the Company completed the purchase of 115,000,000 of its own \$1 ordinary shares from its parent at a cost of \$115,000,000 (\$1 per share). The purchase was financed by \$4,569,261 from distributable reserves and \$110,430,739 from capital.

### 15. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital \$000</i>	<i>Capital redemption reserve \$000</i>	<i>Profit and loss account \$000</i>	<i>Total share- holders' funds \$000</i>
At 1 January 2006	140,000	-	1,003	141,003
Profit for the period	-	-	1,027,387	1,027,387
Dividends paid	-	-	(1,000,000)	(1,000,000)
At 1 January 2007	140,000	-	28,390	168,390
Profit for the period	-	-	3,847	3,847
Dividends paid	-	-	(28,000)	(28,000)
Repurchase of shares from capital	(110,431)	-	-	(110,431)
Repurchase of shares from distributable profits	(4,569)	4,569	(4,569)	(4,569)
At 31 December 2007	25,000	4,569	(332)	29,237

### 16 Contingent liabilities

The Company has issued an indemnity with respect to certain obligations arising from the sale of its subsidiaries in 2006. The Company's parent undertaking has issued a letter of support to the Company with regard to these obligations.

### 17. Events since the balance sheet date

There have been no events since the balance sheet date which would necessitate revision of the figures included in these financial statements. In March 2008 the majority of the employees resigned and were re-employed by another group company. The remaining employees were made redundant.



## Notes to the financial statements

at 31 December 2007

### 18. Related party transactions

The Company is ultimately a wholly owned subsidiary of Louis Dreyfus SAS, the consolidated financial statements for which are publicly available. Accordingly, the Company has taken advantage of the exemption conferred by FRS8 from disclosing transactions with members or investees of the Louis Dreyfus group.

### 19. Parent undertaking and controlling party

The Company's immediate parent undertaking is Louis Dreyfus Holdings Limited.

The Company's ultimate parent undertaking and controlling party is Louis Dreyfus SAS, which is incorporated in France. Copies of its consolidated financial statements, which include the Company, are available from its registered office: 152 Avenue Malakoff, 75016 Paris, France.