

**Company Registration No. 6390883**

**SLP PRODUCTION LIMITED**

**Report and Financial Statements**

**30 June 2009**



# **SLP PRODUCTION LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

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# **SLP PRODUCTION LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

D Clark (Chairman)  
D A Edwards  
C R Blyth  
A V Temerko  
R D Glasspool

#### **REGISTERED OFFICE**

Commercial Road  
Lowestoft  
Suffolk  
NR32 2TE

#### **BANKERS**

HSBC Bank plc  
Metropolitan House  
Avebury Boulevard  
Milton Keynes  
MK9 2GA

UBS  
1 Curzon Street  
London  
W1J 5UB

#### **SOLICITORS**

Mills and Reeve LLP  
1 St James Court  
Whitefriars  
Norwich  
NR3 1RU

Salans LLP  
Millennium Bridge House  
2 Lambeth Hill  
London  
EC4V 4AJ

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Cambridge, UK

# **SLP PRODUCTION LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 June 2009

### **PRINCIPAL ACTIVITIES**

The company's principal activities are the provision of design and engineering services, procurement, fabrication and construction for the UK and European oil and gas industry and the UK offshore and onshore renewable energy sector

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

In the following paragraphs we aim to present a review of the development and performance of the business, its position at the year end and subsequent events

SLP Production Limited ("the Company") was incorporated on 5 October 2007. On 30 May 2008 it acquired 100% of the ordinary issued share capital of SLP Holdings Limited and became the immediate UK parent company. On the same date, it also effectively acquired 95% of the ordinary issued share capital of SLP Engineering Limited and its subsidiary companies.

Subsequent to the year end on 27 November 2009, the main operating companies of the group including SLP Holdings Limited and SLP Engineering Limited and certain subsidiary companies of SLP Engineering Limited were placed into administration. A principal trading subsidiary of SLP Engineering Limited, Sea & Land Power and Energy Limited continued to trade under the management of directors of this company but under the overall supervision of a bank as the secured creditor, together with the appointed administrators of SLP Engineering Limited. SLP Precast Limited, another principal trading subsidiary went into administration and then subsequently in December 2009, was subject to a management buy out.

The company was established primarily as a holding company with all principal trading activities performed by its subsidiary companies. As noted previously, the major trading subsidiary, SLP Engineering Limited, entered administration in November 2009.

Accordingly, the directors have re-appraised the future business strategy of the company, which comprises two main strategic directions:

- Renewable Energy - provision of Engineering Procurement Installation Construction ("EPIC") services to the UK onshore and offshore renewable energy sector and development of renewable energy assets, and
- EPIC - engineering, procurement, fabrication, installation, hook-up and commissioning of high quality platforms, structures and modules for the UK and European offshore oil and gas industry.

The directors will pursue each of the above strategic business directions with the objective of developing a long term sustainable and successful business linked with robust governance and management structures, clear business objectives and sound internal controls.

The company is currently involved in a range of business development activities including participating in tenders, as part of the roll out and implementation of its agreed business strategy. In addition, the directors are actively exploring all options to strengthen and re-build the balance sheet of the company following the earlier administration of the major trading entity, SLP Engineering Limited. Actions are being developed and taken to secure short, medium and long term finance for the Company to enable delivery of its agreed business strategy and to be secured from multiple sources, including shareholders, commercial banks and other financial institutions, potential consortium and project partners, grant finance together with funds generated from engineering projects. The directors are therefore hopeful that the necessary finance for the business will be secured.

The company's income for the year was £120,000 (5 October 2007 to 30 June 2008 £nil) and with a pre tax loss of £9,404,000 (5 October 2007 to 30 June 2008 £nil). The loss resulted primarily from the write down to £nil of the investments held at cost in SLP Holdings Limited and SLP Engineering Limited.

# **SLP PRODUCTION LIMITED**

## **DIRECTORS' REPORT (continued)**

### **OMISSION OF CONSOLIDATED GROUP FINANCIAL STATEMENTS**

The directors have chosen not to comply with the requirements of FRS 2 'Accounting for subsidiary undertakings', and the Companies Acts 1985 and 2006, for parent undertakings to prepare group financial statements. The directors assess that they are unable to prepare such group financial statements due to matters outside their control, including a lack of accounting resource and lack of control and access by the directors over the accounting records of certain subsidiary undertakings, including the main operating company, SLP Engineering Limited, following the administration or liquidation of these companies effective from 27 November 2009 onwards.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The board is responsible to its stakeholders for the management of the company and for the protection of its assets, and is responsible for implementing a system of internal control and reviewing its effectiveness. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and consequently are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The board has a continuous process for identifying, evaluating and managing significant risks including strategy, market risk, project and business risk and financial and legal risk through its committees established for the purpose. Where practicable, the company seeks to mitigate exposure to all forms of risk through effective risk management. The management of these risks is described below.

#### **Strategy**

The board meets at least quarterly on a formal basis and more frequently on an informal basis to discuss future strategies for the company and consider future threats and opportunities, either on its own or in conjunction with its advisers.

#### **Market risk**

Through a series of connections with external parties at all levels within the organisation, as well as access to a number of appropriate media, the board is able to monitor the Oil and Gas, Infrastructure and Renewables markets and identify possible future projects for tender submission. Once identified, these projects are subjected to a risk analysis which includes a political, technical, financial and legal review before a final decision to tender is approved in combination by the Board and a Tender Committee.

#### **Project and business risk**

In support of successful project bids, internal operating procedures have and are being developed and implemented to allow effective monitoring on the progress of individual projects. Individual projects will be constantly monitored by an appointed project director and with regular attendance and involvement of key board members. Health and Safety issues are continuously addressed and monitored at all times to consider the risk to personnel working on projects and on other company activities, including assessing and minimising the impact on the environment from those projects and business activities. Board meetings are held, at which project and business risk is assessed and measures identified for subsequent follow up for implementation.

#### **Financial and legal risk**

The identification of financial risk is managed by the implementation of appropriate accounting systems and internal controls and by reporting to and monitoring by the Board. Legal risk is managed through monitoring and approval of contracts by the Board in conjunction with the company's appointed external legal advisers.

#### **Credit risk**

The company's principal financial assets are cash, amounts owed by group companies, and trade and other debtors. The company's credit risk is primarily attributable to its trade receivables. Credit risk is managed by undertaking business and financial reviews of prospective customers, together with careful evaluation of contract terms and conditions from a commercial, operational and legal perspective prior to entering into contractual commitments.

# **SLP PRODUCTION LIMITED**

## **DIRECTORS' REPORT (continued)**

### **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

#### **Liquidity risk**

The company actively manages its liquidity position through preparation of and regular reviews of cash flow forecasts to ensure adequate short term funding is readily available to meet current and planned business needs

#### **Cash flow risk**

The directors consider that the company is not exposed to any significant cash flow risks

### **GOING CONCERN**

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of the approval of the financial statements

The company had net current liabilities of £1,283,000 as at 30 June 2009 and incurred a loss of £9,404,000 for the year ended 30 June 2009

The company's directors have prepared a detailed cash flow forecast for the company for the period ending 31 March 2011 ("the Forecast") which includes a number of assumptions regarding income, expenditure, cash flows and the availability of ongoing financial and operational support of its shareholders. The Forecast also presumes that there will be no exposure to any litigation or claims arising from the administration of SLP Engineering Limited and certain of its subsidiaries (see note 18). The directors are not aware of any such claims. The Forecast indicates that, for the company to remain in operational existence and as a going concern, it is dependent on the continued availability of financial and operational support of its shareholders.

The directors are currently in negotiations with the shareholders regarding the future support they will be able to offer the company over the next twelve months. Based on the history of support received in the past the directors believe that adequate funding will be made available by the shareholders. However, at present there is no legally binding agreement in place. If the shareholders were not to offer their support at any time during the next twelve months or demand repayment of the loans currently in place, the company would need to seek alternative sources of finance which may not be available. If no alternative finance could be obtained, the company would be unable to settle its liabilities as they fall due.

In addition, the directors are actively exploring all options to strengthen and re-build the balance sheet of the company following the earlier administration of the major trading entity, SLP Engineering Limited. Actions are being developed and taken to secure short, medium and long term finance for the Company to enable delivery of its agreed business strategy and to be secured from multiple sources, including shareholders, commercial banks and other financial institutions, from potential consortium and project partners together with funds generated from engineering projects. The directors are confident that the necessary finance for the business will be secured.

The lack of confirmed adequate finance facilities is a material uncertainty which casts significant doubt about the company's ability to continue as a going concern for the foreseeable future. However, the directors have concluded that, despite this material uncertainty, it is appropriate to prepare the accounts on a going concern basis as there is a reasonable expectation that ongoing operational and financial support will be received.

These financial statements therefore do not include the adjustments that would result if the company were unable to continue as a going concern. In the event the company ceased to be a going concern, the adjustments would include writing down the carrying value of assets to their recoverable amount and providing for any further liabilities that might arise.

### **DONATIONS**

During the year the company made charitable donations of £5,000 (5 October 2007 to 30 June 2008 - £nil)

" "

# SLP PRODUCTION LIMITED

## DIRECTORS' REPORT (continued)

### DIRECTORS

The directors who served during the year were as follows

D Clark (Chairman)

D A Edwards

C R Blyth

A V Temerko

R D Glasspool

V M Fedotov (appointed 16 September 2008, resigned 2 September 2009)

### AUDITORS

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



31 March 2010.

Richard Glasspool

Director

# **SLP PRODUCTION LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting standards have been followed, 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.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SLP PRODUCTION LIMITED**

We have audited the financial statements of SLP Production Limited for the year ended 30 June 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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**

As explained more fully in the Directors' Responsibilities Statement, 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 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 (APB'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.

### **Opinion: disclaimer on view given by the financial statements and adverse opinion arising from the failure to prepare group financial statements**

The audit evidence available to us was limited because we and the directors were unable to obtain sufficient information and explanations relating to certain of the company's subsidiary undertakings which are in administration and to counterparties' claims against the company and its subsidiaries. Consequently, we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding matters of a pervasive nature including the recoverability of funds from subsidiaries, the carrying value of certain assets and the completeness and reliability of the information and provisions required in respect of the actual and contingent liabilities. Were we able to obtain such evidence, significant adjustments to the financial statements might be required.

As explained in note 1, the financial statements of the company do not include consolidated financial statements for its group as required by section 399 of the Companies Act 2006 and Financial Reporting Standard 2 Accounting for subsidiary undertakings. As a consequence, the financial statements do not give the information required by United Kingdom Generally Accepted Accounting Practice about the economic activities of the group of which the company is the parent. It is not practicable to quantify the effects of this departure. Because of the possible effect of the limitation set out above, we have been unable to form an opinion as to whether the parent company financial statements give a true and fair view of the state of the company's affairs as at 30 June 2009 and of the company's loss for the year then ended.

In view of the effect of the failure to prepare consolidated financial statements referred to above, in our opinion the financial statements

- do not give a true and fair view of the state of the group's affairs as at 30 June 2009 and of the group's result for the year then ended,
- have not been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have not been prepared in accordance with the requirements of the Companies Act 2006.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SLP PRODUCTION LIMITED (continued)**

### **Emphasis of matter - going concern**

Notwithstanding our disclaimer of opinion on the view given by the parent company financial statements, 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 incurred a net loss of £9,404,000 during the year ended 30 June 2009 and, as of that date, the company's current liabilities exceeded its total assets by £1,283,000. The cash forecasts prepared by the directors of the company show that the company does not have adequate finance facilities to cover its liabilities for the foreseeable future. These conditions, along with other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

Notwithstanding our disclaimer of an opinion on the view given by the financial statements, 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.

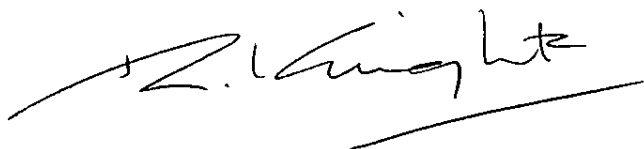
### **Matters on which we are required to report by exception**

In respect solely of the limitation of our work referred to above

- we were unable to determine whether adequate accounting records have been kept,
- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- returns adequate for our audit have not been received from branches not visited by us

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

- 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



**Richard Knights (Senior Statutory Auditor)**  
**For and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditors  
Cambridge, United Kingdom

31. March 2010.

# SLP PRODUCTION LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 30 June 2009

		Year ended 30 June 2009 £'000	5 October 2007 to 30 June 2008 £'000
	Note		
Other operating income		120	-
Administrative expenses			
Intercompany debts written off		(513)	-
Impairment of fixed asset investments		(8,121)	-
Other administrative expenses		(870)	-
Net administrative expenses		(9,504)	-
<b>OPERATING LOSS</b>	2	(9,384)	-
Interest receivable and similar income	4	15	-
Interest payable and similar charges	5	(35)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(9,404)	-
Tax on loss on ordinary activities	6	-	-
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>	11	(9,404)	-

All activities derive from continuing operations

There are no recognised gains and losses other than the loss for the current financial year and preceding financial period. Accordingly, no statement of total recognised gains and losses is given

# SLP PRODUCTION LIMITED

## BALANCE SHEET 30 June 2009

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Investments	7	-	8,121
<b>CURRENT ASSETS</b>			
Debtors	8	790	-
Cash at bank and in hand		63	-
		853	-
<b>CREDITORS: amounts falling due within one year</b>	9	(2,136)	-
<b>NET CURRENT LIABILITIES</b>		(1,283)	-
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET (LIABILITIES) ASSETS</b>		(1,283)	8,121
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	950	950
Share premium account	11	7,171	7,171
Profit and loss account	11	(9,404)	-
<b>SHAREHOLDERS' (DEFICIT) FUNDS</b>	12	(1,283)	8,121

The financial statements of SLP Production Limited, registered number 6390883, were approved by the Board of Directors and authorised for issue on 31 March 2010.

Signed on behalf of the Board of Directors



Richard Glasspool  
Director

# SLP PRODUCTION LIMITED

## CASH FLOW STATEMENT Year ended 30 June 2009

	Note	Year ended 30 June 2009 £'000	5 October 2007 to 30 June 2008 £'000
<b>Net cash flows from operating activities</b>	13	(1,639)	-
<b>Returns on investments and servicing of finance</b>			
Interest received		8	-
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertaking		-	(3,500)
<b>Financing</b>			
Issue of ordinary share capital		-	3,500
Receipt of loan from shareholder		1,694	-
<b>Increase in cash</b>	14	63	-
<b>Movement in net debt (note 14)</b>			
Increase in cash in the year		63	-
Shareholder loan received		(1,694)	-
<b>Movement in net debt</b>		(1,631)	-
Net debt at 1 July		-	-
<b>Net debt at 30 June</b>		(1,631)	-

# SLP PRODUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2009

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding period.

#### Accounting convention and basis of preparation

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

#### Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of the approval of the financial statements.

The company had net current liabilities of £1,283,000 as at 30 June 2009 and incurred a loss of £9,404,000 for the year ended 30 June 2009.

The company's directors have prepared a detailed cash flow forecast for the company for the period ending 31 March 2011 ("the Forecast") which includes a number of assumptions regarding income, expenditure, cash flows and the availability of ongoing financial and operational support of its shareholders. The Forecast also presumes that there will be no exposure to any litigation or claims arising from the administration of SLP Engineering Limited and certain of its subsidiaries (see note 18). The directors are not aware of any such claims. The Forecast indicates that, for the company to remain in operational existence and as a going concern, it is dependent on the continued availability of financial and operational support of its shareholders.

The directors are currently in negotiations with the shareholders regarding the future support they will be able to offer the company over the next twelve months. Based on the history of support received in the past the directors believe that adequate funding will be made available by the shareholders. However, at present there is no legally binding agreement in place. If the shareholders were not to offer their support at any time during the next twelve months or demand repayment of the loans currently in place, the company would need to seek alternative sources of finance which may not be available. If no alternative finance could be obtained, the company would be unable to settle its liabilities as they fall due.

In addition, the directors are actively exploring all options to strengthen and re-build the balance sheet of the company following the earlier administration of the major trading entity, SLP Engineering Limited. Actions are being developed and taken to secure short, medium and long term finance for the Company to enable delivery of its agreed business strategy and to be secured from multiple sources, including shareholders, commercial banks and other financial institutions, from potential consortium and project partners together with funds generated from engineering projects. The directors are confident that the necessary finance for the business will be secured.

The lack of confirmed adequate finance facilities is a material uncertainty which casts significant doubt about the company's ability to continue as a going concern for the foreseeable future. However, the directors have concluded that, despite this material uncertainty, it is appropriate to prepare the accounts on a going concern basis as there is a reasonable expectation that ongoing operational and financial support will be received.

These financial statements therefore do not include the adjustments that would result if the company were unable to continue as a going concern. In the event the company ceased to be a going concern, the adjustments would include writing down the carrying value of assets to their recoverable amount and providing for any further liabilities that might arise.

# **SLP PRODUCTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Year ended 30 June 2009**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Omission of consolidated group financial statements**

The company has not prepared consolidated group financial statements as required by Financial Reporting Standard 2 and the Companies Act 2006. The directors have assessed that they are unable to prepare group financial statements due to matters outside their control including a lack of control by the directors over the accounting records of a number of trading subsidiary undertakings including SLP Engineering Limited following the administration of these companies in November 2009. Group financial statements have not been prepared for the combined results of the subsidiaries not in administration as the directors do not believe it provides useful information to present consolidated financial information for only part of the group.

##### **Investments**

Fixed asset investments are shown at cost less provision for impairment in value.

##### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date with the following exceptions.

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax assets recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates enacted or substantively enacted at the balance sheet date.

##### **Other operating income**

Other operating income represents amounts receivable from operating leases. Income is recognised on a straight line basis over the term of the lease.

##### **Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

##### **Leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term even if the payments are not made on such a basis.

##### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either 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.

# SLP PRODUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2009

### 2 OPERATING LOSS

Operating loss for the year is stated after charging

	Year ended 30 June 2009 £'000	5 October 2007 to 30 June 2008 £'000
The analysis of auditors' remuneration is as follows		
Fees payable to the company's auditors for the audit of the company's annual accounts	25	-
Fees payable to the company's auditors for the audit of the subsidiaries' accounts	3	-
Tax services	2	-
Corporate finance services	140	-
Operating lease rentals		
Land and buildings	171	-
	<u>171</u>	<u>-</u>

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 30 June 2009 £'000	5 October 2007 to 30 June 2008 £'000
<b>Directors' remuneration</b>		
Emoluments	204	-
	<u>204</u>	<u>-</u>
<b>Remuneration of the highest paid director</b>		
Emoluments	138	-
	<u>138</u>	<u>-</u>

The directors were the only employees of the company during the year and prior period



# SLP PRODUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2009

### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 June 2009 £'000	5 October 2007 to 30 June 2008 £'000
Interest receivable on loans to subsidiaries	14	-
Bank interest	1	-
	<u>15</u>	<u>-</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 June 2009 £'000	5 October 2007 to 30 June 2008 £'000
Interest payable on loans from shareholder	35	-
	<u>35</u>	<u>-</u>

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 30 June 2009 £'000	5 October 2007 to 30 June 2008 £'000
<b>Current tax</b>		
United Kingdom corporation tax at 28%	-	-
<b>Tax on profit on ordinary activities</b>	<u>-</u>	<u>-</u>

# SLP PRODUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2009

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

The tax assessed for the year differs from the expected charge at the standard rate of UK corporation tax of 28% (2008 - 28%) The differences are explained below

	Year ended 30 June 2009 £'000	5 October 2007 to 30 June 2008 £'000
Loss on ordinary activities before tax	(9,404)	-
Loss on ordinary activities multiplied by the standard rate of corporation tax of 28% (2008 - 28%)	(2,633)	-
Effects of		
Expenses not deductible for tax purposes	2,432	-
Tax losses not utilised	201	-
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

A deferred tax asset amounting to £201,129 for losses not utilised has not been recognised because in the opinion of directors there will be no suitable tax gains available in the foreseeable future

### 7. FIXED ASSET INVESTMENTS

#### Subsidiary undertakings

	£'000
<b>Cost</b>	
At 1 July 2008 and at 30 June 2009	8,121
<b>Provision for impairment</b>	
At 1 July 2008	-
Written off	8,121
At 30 June 2009	8,121
<b>Net book value</b>	
At 30 June 2009	-
At 30 June 2008	8,121

The investments in joint ventures and associates are £nil at 30 June 2009 and 30 June 2008

# SLP PRODUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2009

### 7. FIXED ASSET INVESTMENTS (continued)

Subsidiaries	Class of share	% owned	Country of registration	Nature of business
SLP Holdings Limited (In Administration)	Ordinary	100	England	Intermediate holding company
SLP Engineering Limited (In Administration)	Ordinary	100	England	Design, engineering, fabrication and installation of platforms, modules and structures for oil and gas industry
Sea & Land Power and Energy Limited	Ordinary	100	England	Design, engineering, fabrication and installation of wind turbines
SLP Precast Limited	Ordinary	100	England	Precast concrete and submat services to the oil and gas industry
SLP Consulting Engineers Limited (Wound Up)	Ordinary	100	England	Engineering consultancy within the oil and gas industry
SLP Sunrise Limited	Ordinary	100	England	Ownership of barge for use by SLP Engineering Limited
Integrated Operations Limited	Ordinary	100	England	Seismic surveying of oil and gas reserves
SLP Marine Services Limited	Ordinary	100	England	Non-trading
SLP Design & Engineering Services Limited	Ordinary	100	England	Non-trading
SLP Energy Limited	Ordinary	100	England	Non-trading
SLP Property Limited	Ordinary	100	England	Hold leases and operate office and production facilities
SLP Renewables Limited	Ordinary	100	England	Non-trading
SLP International Limited	Ordinary	100	England	Non-trading
SLP North Sea Limited	Ordinary	100	England	Non-trading
SLP Energy Resource Services Limited	Ordinary	100	England	Non-trading
<b>Joint Venture</b>				
Barrier SLP Limited	Ordinary	50	England	Grout blasting and the application of protective treatments
<b>Associates</b>				
Keppel SLP LLC	Ordinary	40	England	Design, engineering and fabrication services to the oil and gas industry
Sea & Land Projects Asia Sdn Bhd	Ordinary	40	England	Contractual work in the oil and gas industry within Asia

# SLP PRODUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2009

### 8. DEBTORS

	2009 £'000	2008 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	120	-
Amounts owed by group companies* (see note 16)	460	-
Interest accrued on amounts owed by group companies* (see note 16)	3	-
Other debtors	25	-
VAT	97	-
Prepayments	85	-
	<u>790</u>	<u>-</u>

\*Amounts recoverable from group companies rely upon such entities continuing to be a going concerns. This relies upon the continuing support of the ultimate controlling party (see note 1)

### 9 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Trade creditors	283	-
Shareholder loans (see note 16)	1,694	-
Interest owing on shareholder loans (see note 16)	35	-
Amounts owed to group companies (see note 16)	39	-
Other creditors	22	-
Accruals and deferred income	56	-
Other taxes and social security costs	7	-
	<u>2,136</u>	<u>-</u>

Interest is charged on shareholder loans at 2% above LIBOR repayable on demand

### 10. CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'000
<b>Allotted, called up and fully paid</b>		
874,997 'A' ordinary shares of £1 each	875	875
75,000 'B' ordinary shares of £1 each	75	75
	<u>950</u>	<u>950</u>

The 'A' shares and 'B' shares pari passu in all respects save that, as between the 'A' shares and the 'B' shares (and irrespective of the number of such 'A' shares and 'B' shares in issue)

The 'B' shares shall be entitled to 7.5% and the 'A' shares to 92.5% of the aggregate voting rights attaching to all the 'A' shares and 'B' shares

# SLP PRODUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2009

### 10. CALLED UP SHARE CAPITAL (continued)

The 'B' shares shall be entitled to 7.5% and the 'A' shares to 92.5% of the aggregate dividend rights attaching to all the 'A' shares and 'B' shares,

The 'B' shares shall be entitled to 7.5% and the 'A' shares to 92.5% of the surplus assets (after payment of the company's liabilities) of the company available in aggregate in respect of the 'A' shares and the 'B' shares on a return of capital on liquidation or otherwise of the company,

In the event of the sale of shares in the company or shares in the company coming to be traded on any stock exchange the 'B' shares shall be entitled to 7.5% and the 'A' shares to 92.5% of the value attributable in aggregate to the 'A' shares and the 'B' shares and such reorganisation shall if necessary be carried out so as to ensure that effect is given to this provision

### 11. RESERVES

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 July 2008	7,171	-	7,171
Loss for the financial year	-	(9,404)	(9,404)
At 30 June 2009	<u>7,171</u>	<u>(9,404)</u>	<u>(2,233)</u>

### 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT) FUNDS

	2009 £'000	2008 £'000
Loss for the financial year	(9,404)	-
Issue of shares	-	8,121
Net (reduction in) addition to shareholders' funds	<u>(9,404)</u>	<u>8,121</u>
Opening shareholders' funds	8,121	-
Closing shareholders' (deficit) funds	<u>(1,283)</u>	<u>8,121</u>

# SLP PRODUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2009

### 13. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

	Year ended 30 June 2009 £'000	5 October 2007 to 30 June 2008 £'000
Operating loss	(9,384)	-
Increase in provision against investments	8,121	-
Increase in debtors	(783)	-
Increase in creditors (excluding shareholder loan)	407	-
Net cash from operating activities	<u>(1,639)</u>	<u>-</u>

### 14. ANALYSIS AND RECONCILIATION OF NET DEBT

	At 1 July 2008 £	Cash flow £	30 June 2009 £'000
Cash at bank and in hand	-	63	63
Loans from shareholder due within one year	-	(1,694)	(1,694)
Net debt	<u>-</u>	<u>(1,631)</u>	<u>(1,631)</u>

### 15. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2009 £'000	2008 £'000
Expiry date: Between one and five years	<u>950</u>	<u>-</u>

# SLP PRODUCTION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2009

### 16. RELATED PARTY TRANSACTIONS

Below is a summary of related party loans made during the year. It shows the maximum amounts loaned during the year, any provision made against the debts and the balances owing at 30 June 2009 including interest. Interest is charged on the loans to SLP Engineering Limited and SLP Property at 2% above LIBOR. Interest was also charged on the loans from OGN Investment Partners Limited at 2% above LIBOR. No interest was charged on any other amounts. The 2008 comparatives are £nil in all cases.

#### Amounts loaned to related parties.

Related party	Loan value	Provision	Balance at 30 June 2009
SLP Engineering Limited*	£286,376	(£286,376)	£nil
SLP Property Limited	\$850,000 & £315,000	-	£460,200
SLP Renewables Limited	£450	-	£450
SLE Energy Resource Services Limited	£450	-	£450
SLP Precast Limited	£450	(£450)	£nil
SLP North Sea Limited	£450	-	£450
SLP Design & Engineering Limited	£450	-	£450
SLP Marine Services Limited	£450	-	£450
SLP Holdings Limited*	£450	(£450)	£nil
SLP International Limited	£450	-	£450

\*In Administration. See note 18.

#### Amounts loaned from related parties:

Related party	Loan value	Balance at 30 June 2009
OGN Investment Partners Limited	\$1,350,000 and £875,000	£1,729,417

In addition to the above loans, the company recharged SLP Engineering Limited for insurance costs of £497,963. £276,504 of this was paid before 30 June 2009 and the remaining £221,459 has been fully provided for. Included in amounts owed to group undertakings is an amount of £38,603 owing to SLP Property Limited for costs paid on SLP Production Limited's behalf. No interest was charged on either of these amounts.

### 17. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is OGN Investment Partners Limited which is incorporated in the British Virgin Islands. The ultimate controlling party is Equity Trust (BVI) Limited, a company incorporated in the British Virgin Islands.

# **SLP PRODUCTION LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 June 2009**

### **18 SUBSEQUENT EVENTS**

As documented in the directors' report, in November 2009, a number of the company's subsidiaries went into administration. These included SLP Engineering Limited and SLP Holdings Limited.

Sea & Land Power and Energy Limited, a wholly owned subsidiary of SLP Engineering Limited, continued to trade but under the control and direction of a bank as the secured creditor and the appointed administrator of SLP Engineering Limited.

SLP Precast, a wholly owned subsidiary of SLP Engineering Limited, went into administration and then subsequently in December 2009 was subject to a management buy-out.

SLP Consulting Engineers Limited is in the process of being wound up.

SLP Sunrise Limited remains as a trading subsidiary as such, but not formally in administration.

Integrated Operations Limited is not yet in administration but is non-trading.