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SENERGY (GB) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

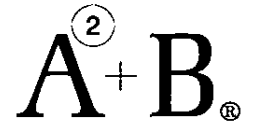
FOR THE YEAR ENDED 31 MAY 2012

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COMPANIES HOUSE

SENERGY (GB) LIMITED



COMPANY INFORMATION

DIRECTORS

N M Campbell
J McCallum

COMPANY SECRETARY

N M Campbell

COMPANY NUMBER

SC125513

REGISTERED OFFICE

15 Bon Accord Crescent
Aberdeen
AB11 6DE

AUDITORS

Anderson Anderson & Brown LLP
9 Queens Road
Aberdeen
AB15 4YL



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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2012**

The directors present their report and the financial statements for the year ended 31 May 2012.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of engineering and consultancy services to the oil and gas industry.

BUSINESS REVIEW

The company has had a successful trading year in all its activities with growth being driven by the successful positioning of the company's services in the market and activity levels in the Oil & Gas sector in general. The majority of revenue relates to work performed in the UK with growing revenue streams from both Africa and the Middle East. The company has a strengthening working capital and net assets position including being cash positive.

The company continues to invest in all areas of its operations in both the UK, Africa and Middle East.

The directors are confident for the future prospects for the company and the continued organic and prospective acquisitive growth this entails.

The directors consider the key financial performance indicators to be turnover and operating profit.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,597,088 (2011 - £5,547,636).

No dividends were paid during the year (2011 - £nil).

DIRECTORS

The directors who served during the year were:

N M Campbell
J McCallum

PRINCIPAL RISKS AND UNCERTAINTIES

As the business grows it faces inherent risk in terms of people retention, recruitment and in contractual terms and conditions it negotiates with customers. This risk is successfully managed through appropriate corporate governance, QHSE control and assessment procedures and staff development.

GOING CONCERN

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2012**

EMPLOYEES

The business has been supported by growth in employee numbers and the continued focus on the development of our people to ensure that the company's reputation of delivering quality and performance in everything that it does is maintained.

PROVISION OF INFORMATION TO AUDITORS


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Anderson Anderson & Brown LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....

N M Campbell
Director

Date: 27 February 2013

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MAY 2012**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 SHAREHOLDERS OF
SENERGY (GB) LIMITED**

We have audited the financial statements of Senergy (GB) Limited for the year ended 31 May 2012, set out on pages 6 to 16. 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SENERGY (GB) LIMITED**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Anderson Anderson & Brown LLP

Derek Mair (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown LLP

Statutory Auditor

9 Queens Road

Aberdeen

AB15 4YL

Date:

27 February 2013

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2012**

	Note	2012 £	2011 £
TURNOVER	1,2	44,422,961	42,461,437
Cost of sales		(31,978,643)	(29,441,272)
GROSS PROFIT		12,444,318	13,020,165
Administrative expenses		(8,743,841)	(5,478,339)
OPERATING PROFIT	3	3,700,477	7,541,826
Interest receivable and similar income		1,198	49,690
Interest payable and similar charges	7	(56,118)	(2,530)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,645,557	7,588,986
Tax on profit on ordinary activities	8	(48,469)	(2,041,350)
PROFIT FOR THE FINANCIAL YEAR		3,597,088	5,547,636

All amounts relate to continuing operations.


There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

BALANCE SHEET
AS AT 31 MAY 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	9		1,419,941		1,323,972
Investments	10		2,527		2,527
			<u>1,422,468</u>		<u>1,326,499</u>
CURRENT ASSETS					
Debtors	11	40,421,384		35,399,234	
Cash at bank and in hand		3,116,015		3,508,642	
		<u>43,537,399</u>		<u>38,907,876</u>	
CREDITORS: amounts falling due within one year	12	<u>(18,780,105)</u>		<u>(17,651,701)</u>	
NET CURRENT ASSETS			<u>24,757,294</u>		<u>21,256,175</u>
NET ASSETS			<u>26,179,762</u>		<u>22,582,674</u>
CAPITAL AND RESERVES					
Called up share capital	14		19,469		19,469
Share premium account	15		62,014		62,014
Capital redemption reserve	15		10,238		10,238
Profit and loss account	15		<u>26,088,041</u>		<u>22,490,953</u>
SHAREHOLDERS' FUNDS			<u>26,179,762</u>		<u>22,582,674</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


N M Campbell
 Director

Date: 27 February 2013

The notes on pages 8 to 16 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 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:

Freehold land & buildings	-	2% straight line
Fixtures & fittings	-	25% straight line
Computer equipment	-	33% straight line

1.5 Investments

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

1.6 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**

1. ACCOUNTING POLICIES (continued)

1.7 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.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Pensions

The company contributes to a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.10 Taxation

Current tax, including UK corporation 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.

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.

2. TURNOVER

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**
3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	207,200	188,536
Operating lease rentals:		
- other	-	2,374
- land and buildings	491,193	202,211
Difference on foreign exchange	215,254	(110,343)
(Gain)/ loss on sale of tangible fixed assets	-	(12)
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2011 - £NIL).

4. AUDITORS' REMUNERATION

	2012 £	2011 £
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>32,000</u>	<u>30,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**
5. STAFF COSTS

Certain employees are employed by Senergy Resources Limited, a fellow subsidiary of Senergy Group Limited. The staff numbers, staff costs and directors remuneration disclosed relates to recharges from Senergy Resources Limited.

Staff costs were as follows:

	2012 £	2011 £
Wages and salaries	13,918,609	12,833,897
Social security costs	1,484,524	1,473,530
Other pension costs	1,454,221	948,048
	<u>16,857,354</u>	<u>15,255,475</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2012 No.	2011 No.
Technical	157	145
Management and Administration	15	47
	<u>172</u>	<u>192</u>

6. DIRECTORS' REMUNERATION

The directors were both paid by other group companies. The directors do not believe it is practical to apportion these amounts between their services as directors of this company and their services as directors of the holding company and fellow subsidiaries. These directors received remuneration totalling £371,665.

7. INTEREST PAYABLE

	2012 £	2011 £
Bank interest payable	54,309	2,530
Other interest	1,809	-
	<u>56,118</u>	<u>2,530</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**
8. TAXATION

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	181,121	-
Adjustments in respect of prior periods	(803,881)	(1,049,786)
	<u>(622,760)</u>	<u>(1,049,786)</u>
Group taxation relief - current year	550,674	1,879,960
Group taxation relief - prior year	-	1,033,266
	<u>(72,086)</u>	<u>1,863,440</u>
Foreign tax on income for the year	109,243	144,885
	<u>37,157</u>	<u>2,008,325</u>
Deferred tax (see note 13)		
Transfer from deferred taxation	11,312	33,025
	<u>48,469</u>	<u>2,041,350</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 25.67% (2011 - 27.67%). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	<u>3,645,557</u>	<u>7,588,986</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.67% (2011 - 27.67%)	935,814	2,099,872
Effects of:		
Expenses not deductible for tax purposes	23,985	3,864
Depreciation in excess of capital allowances	4,224	(14,295)
Adjustments to tax charge in respect of prior periods	(803,881)	(16,520)
Additional deduction for R&D expenditure	(217,927)	-
Non-taxable income	-	(220,749)
Foreign tax credits	109,243	144,885
Group relief claimed before payment	(550,603)	(1,857,518)
Payment for group relief	550,674	1,879,960
Other short term timing differences	(14,372)	(11,174)
	<u>37,157</u>	<u>2,008,325</u>

Current tax charge for the year (see note above)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**
9. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures & fittings £	Computer equipment £	Other fixed assets £	Total £
Cost					
At 1 June 2011	1,148,315	353,633	1,122,640	10,736	2,635,324
Additions	-	286,614	16,103	452	303,169
At 31 May 2012	1,148,315	640,247	1,138,743	11,188	2,938,493
Depreciation					
At 1 June 2011	160,392	224,669	921,119	5,172	1,311,352
Charge for the year	24,533	65,975	113,718	2,974	207,200
At 31 May 2012	184,925	290,644	1,034,837	8,146	1,518,552
Net book value					
At 31 May 2012	963,390	349,603	103,906	3,042	1,419,941
At 31 May 2011	987,923	128,964	201,521	5,564	1,323,972

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 June 2011 and 31 May 2012	2,527
Net book value	
At 31 May 2012	2,527
At 31 May 2011	2,527

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Interactive Petrophysics Limited	Ordinary	100%
Ternan Limited	Ordinary	100%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**
11. DEBTORS

	2012 £	2011 £
Trade debtors	5,925,828	7,336,116
Amounts owed by group undertakings	24,022,111	19,716,852
Corporation tax repayable	693,220	-
Other debtors	12,944	1,063,882
Prepayments and accrued income	9,754,900	7,258,691
Deferred tax asset (see note 13)	12,381	23,693
	<u>40,421,384</u>	<u>35,399,234</u>

**12. CREDITORS:
Amounts falling due within one year**

	2012 £	2011 £
Bank loans and overdrafts	-	1,927,555
Trade creditors	1,214,072	925,042
Amounts owed to group undertakings	12,946,766	7,470,727
Corporation tax	-	1,807,067
Social security and other taxes	490,095	665,034
Other creditors	2,228,047	1,137,515
Accruals and deferred income	1,901,125	3,718,761
	<u>18,780,105</u>	<u>17,651,701</u>

13. DEFERRED TAX ASSET

	2012 £	2011 £
At beginning of year	23,693	56,718
Charged for year	(11,312)	(33,025)
	<u>12,381</u>	<u>23,693</u>
At end of year		

The deferred tax asset is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	12,381	9,135
Short term timing differences	-	14,558
	<u>12,381</u>	<u>23,693</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**
14. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
194,690 Ordinary shares of £0.10 each	19,469	19,469

15. RESERVES

	Share premium account £	Capital redempt'n reserve £	Profit and loss account £
At 1 June 2011	62,014	10,238	22,490,953
Profit for the year	-	-	3,597,088
At 31 May 2012	62,014	10,238	26,088,041

16. CONTINGENT LIABILITIES

The company has provided a cross guarantee to the bank in respect of the company's ultimate parent company Senergy Group Limited. At 31 May 2012 the total contingent liability in respect of this guarantee was £8,215,775 (2011 - £13,080,359).

The company's bankers hold a bond and floating charge over the assets of the company.

17. PENSION COSTS

During the year the company contributed £982,968 (2011 - £930,151) to a defined contribution pension scheme on behalf of employees. At 31 May 2012 there were unpaid pension contributions amounting to £nil (2011 - £38,098).

18. OTHER FINANCIAL COMMITMENTS

At 31 May 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Expiry date:				
Between 2 and 5 years	731,090	119,867	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**
19. RELATED PARTY TRANSACTIONS
Control

Throughout the year the company was controlled by the directors.

Transactions

As the company is a wholly owned subsidiary of Senergy Group Limited, it has taken advantage of the exception given by paragraph 3 of Financial Reporting Standard Number 8 which allows exemption from disclosure of related party transactions with other group companies.

Related party	Transaction	£	Balance at period end £
Senergy Development Solutions Limited, a fellow subsidiary company	Recharges	(772,266)	(772,266)

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Senergy Oil & Gas Limited, a company registered in Scotland. The company regards Senergy Group Limited, a company registered in Scotland, as the ultimate parent company.

The largest group in which the results of the company are consolidated is that headed by Senergy Group Limited. Copies of the financial statements of Senergy Group Limited can be obtained from it's registered office at 15 Bon Accord Crescent, Aberdeen.