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SENERGY LIMITED
(Company Number SC273506)

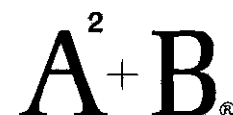
**DIRECTORS' REPORT AND
ABBREVIATED ACCOUNTS**

31 MAY 2007



Anderson Anderson & Brown
Chartered Accountants

SENERGY LIMITED
DIRECTORS' REPORT



Directors J G McCallum
 P Neve
 D W Sherrard
 I B Williamson

Secretary N M Campbell

Registered office 15 Bon Accord Crescent, Aberdeen

The directors submit their report and the audited accounts of the company for the year ended 31 May 2007

RESULTS AND DIVIDENDS

The profit for the year, amounting to £1,992,861 (2006 £1,849,326), has been dealt with as shown in the profit and loss account. No dividends were proposed or paid during the year (2006 £nil). A dividend of £2,000,000 to the parent company was declared post the balance sheet date.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a holding company of a group of companies providing subsurface and wells engineering consultancy 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 companies' 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.

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 specifically in the UK, Malaysian and Norwegian markets and locations. The directors are confident for the future prospects for the Company and the continued organic and prospective acquisitive growth this entails.

PRINCIPAL RISKS AND UNCERTAINTIES

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

EMPLOYEES

Business growth has been supported by improved contracting terms and the recruitment of people with staff numbers increasing 33% to meet the demand for the company's services

The board would like to thank all employees for their continued energy, enthusiasm and determination to deliver quality and performance in everything that we do

DIRECTORS

The directors of the company during the year ended 31 May 2007 were as noted above together with A W P Thomson who resigned on 15 December 2006

EVENTS AFTER THE BALANCE SHEET DATE

During December 2007, a dividend of £2,000,000 was paid to Senergy Holdings Limited

PROVISION OF INFORMATION TO AUDITORS

As far as the directors are aware, there is no relevant audit information of which the company auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

Anderson Anderson & Brown have expressed their willingness to continue in office and a resolution proposing their re appointment will be submitted at the annual general meeting

Signed on behalf of the board of directors



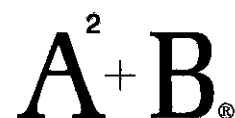
Secretary – N M Campbell

21ST MARCH 2008

Date

SENERGY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES



Company law requires the directors to prepare accounts 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 accounts, the directors are required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether or not applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts, and,
- (d) prepare the accounts 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 which enable them to ensure that the accounts 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 SENERGY LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 5 to 19 together with the full accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 31 May 2007

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether or not the abbreviated accounts have been properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 'The special auditor's report on abbreviated accounts in the United Kingdom' 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 accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion on the abbreviated accounts

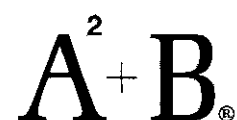
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 31 May 2007 and the abbreviated accounts on pages 5 to 19 have been properly prepared in accordance therewith.

Anderson Anderson & Brown

Anderson Anderson & Brown
Chartered Accountants
Registered Auditors
Aberdeen

27 March 2008

SENERGY LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2007



	Note	2007 £	2006 £
GROSS PROFIT		7,545,985	5,956,060
Administrative expenses		<u>4,937,275</u>	<u>2,978,006</u>
OPERATING PROFIT	2	2,608,710	2,978,054
Interest receivable	3	6,162	798
Interest payable	4	<u>(237,211)</u>	<u>(277,766)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,377,661	2,701,086
Taxation	7	<u>384,800</u>	<u>851,760</u>
RETAINED PROFIT FOR FINANCIAL YEAR		<u>£ 1,992,861</u>	<u>£ 1,849,326</u>

The company has made no gains or losses other than as reported above

Movements on reserves are set out in Note 15

SENERGY LIMITED

ABBREVIATED BALANCE SHEET – 31 MAY 2007

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	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	8	1,172,010	1,020,674
Investments	9	26,481	10,291,213
		<u>1,198,491</u>	<u>11,311,887</u>
CURRENT ASSETS			
Debtors <i>amounts falling due within one year</i>	10	5,404,731	4,968,043
<i>amounts falling due after one year</i>	10	7,282,627	
Cash at bank and in hand		891,331	942,891
		<u>13,578,689</u>	<u>5,910,934</u>
CREDITORS <i>amounts falling due within one year</i>	11	<u>4,110,091</u>	<u>4,840,244</u>
NET CURRENT ASSETS		<u>9,468,598</u>	<u>1,070,690</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,667,089</u>	<u>12,382,577</u>
CREDITORS <i>amounts falling due after more than one year</i>	12	<u>6,752,386</u>	<u>10,460,735</u>
		<u>£ 3,914,703</u>	<u>£ 1,921,842</u>
CAPITAL AND RESERVES			
Called up share capital	14	6	6
Profit and loss account	15	£ 3,914,697	1,921,836
SHAREHOLDERS' FUNDS	15	<u>£ 3,914,703</u>	<u>£ 1,921,842</u>

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium sized companies

Signed on behalf of the board of directors

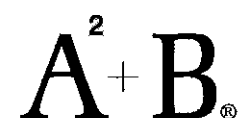


Director – D W Sherrard

27th March 2008

Date

SENERGY LIMITED
ABBREVIATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2007



	Note	2007 £	2006 £
<i>Net cash inflow from operating activities</i>	16	<u>2,488,843</u>	<u>3,101,779</u>
<i>Returns on investments and servicing of finance</i>			
Interest received		6,162	798
Interest paid		<u>(237,211)</u>	<u>(277,766)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(231,049)</u>	<u>(276,968)</u>
<i>Taxation</i>			
UK corporation tax paid		<u>(1,301,227)</u>	<u>(571,643)</u>
<i>Capital expenditure</i>			
Purchase of tangible fixed assets		<u>(471,389)</u>	<u>(565,565)</u>
Cash inflow before financing		485,178	1,687,603
<i>Financing</i>			
Repayments of long term loans		<u>(600,000)</u>	<u>(600,000)</u>
(Decrease)/increase in cash	17	<u>£ (114,822)</u>	<u>£ 1,087,603</u>

1 ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

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

(b) *Group accounts*

The accounts present information about the company as an individual undertaking and not about the group, as the company has taken advantage of the exemption conferred by Section 248 of the Companies Act 1985, as amended, not to prepare group accounts on the basis that the group is a medium sized group

(c) *Investments*

Investments in subsidiary undertakings are initially stated at cost in the balance sheet and reviewed for impairment at the end of each financial year if events or changes in circumstances indicate that the carrying value may not be recoverable

(d) *Depreciation*

The cost of fixed assets is depreciated over the expected useful life of the assets as follows

Buildings	2% straight line
Tennants improvements	20% straight line
Computer equipment and furniture and fittings	33% reducing balance

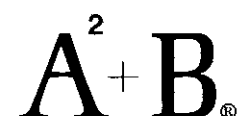
(c) *Taxation*

Current tax, including UK corporation tax and foreign 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 been 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. Timing differences are differences between the company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in the period which are different from those recognised in the accounts. Deferred tax has been measured on a non discounted basis

SENERGY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS 31 MAY 2007

**1 ACCOUNTING POLICIES (continued)****(f) Pensions**

The company contributes to a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

(g) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

(h) Leasing commitments

Rentals paid under operating leases are charged to income over the term of the lease.

2 OPERATING PROFIT is stated after charging

	2007 £	2006 £
Depreciation of tangible fixed assets	309,002	160,883
Loss on sale of fixed assets	11,280	7,438
Operating lease rentals	209,943	104,886
Auditors' remuneration	16,000	16,000
	<u> </u>	<u> </u>

3 INTEREST RECEIVABLE

	2007	2006
Bank interest	£ 6,162	£ 798
	<u> </u>	<u> </u>

SENERGY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS 31 MAY 2007

4 INTEREST PAYABLE

	2007 £	2006 £
Bank interest	2,708	17,047
Loan interest	234,503	260,719
	<u>£ 237,211</u>	<u>£ 277,766</u>

5 STAFF COSTS AND NUMBERS

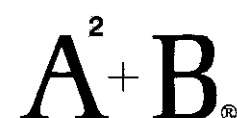
The average number of persons employed by the company during the year, including directors, was as follows

	2007 No	2006 No
Technical	88	67
Administration	8	5
	<u>96</u>	<u>72</u>

	2007 £	2006 £
Wages and salaries	6,250,333	4,931,348
Social security costs	725,720	585,410
Other pension costs	899,985	519,909
	<u>£ 7,876,038</u>	<u>£ 6,036,667</u>

SENERGY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS 31 MAY 2007


6 DIRECTORS' EMOLUMENTS

	2007 £	2006 £
Remuneration (including benefits in kind)	417,584	385,128
Pension contributions	217,734	52,691
	<u>£ 635,318</u>	<u>£ 437,819</u>

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

	2007 £	2006 £
Emoluments (including benefits in kind)	137,230	131,362
Pension contributions	77,444	21,690
	<u>£ 214,674</u>	<u>£ 153,052</u>

The number of directors for which retirement benefits are accruing under money purchase pension schemes amount to three (2006 – three)

7 TAXATION

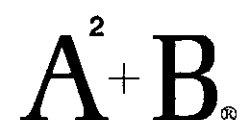
	2007 £	2006 £
UK corporation tax	332,510	910,000
Consortium relief	100,000	
Over provision in prior year	(47,710)	(58,240)
	<u>£ 384,800</u>	<u>£ 851,760</u>

The tax charge for the year differs from the amount that would be anticipated by applying the company's tax rate of 30% to its pre tax profits as a result of the following

	£000
Anticipated tax charge	713
Depreciation in excess of capital allowances	31
Expenses not deductible for tax purposes	(6)
Double taxation relief	(405)
	<u>333</u>

SENERGY LIMITED

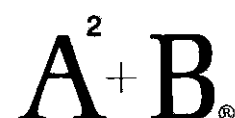
NOTES ON THE ABBREVIATED ACCOUNTS 31 MAY 2007

**8 TANGIBLE FIXED ASSETS**

	Land & buildings £	Tenants improvements £	Computer equipment £	Furniture & fittings £	Total £
COST OR VALUATION					
At 1 June 2006	410,000	228,260	939,467	196,675	1,774,402
Additions	42,640	242,937	130,714	55,100	471,391
Disposals			(60,746)	(17,683)	(77,929)
At 31 May 2007	452,640	471,197	1,009,935	234,092	2,167,864
DEPRECIATION					
At 1 June 2006	17,767	26,399	613,453	96,109	753,728
Charge for year	9,053	59,157	186,551	54,741	309,002
Relating to disposals			(49,382)	(17,494)	(66,876)
At 31 May 2007	26,820	85,556	750,622	132,856	995,854
Net book amounts at 31 May 2007	£ 425,820	£ 385,641	£ 259,313	£ 101,236	£ 1,172,010
31 May 2006	£ 392,233	£ 201,861	£ 326,014	£ 100,566	£ 1,020,674

SENERGY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS 31 MAY 2007

9 INVESTMENTS *represent an interest in subsidiary undertakings as follows*

	2007 £	2006 £
COST OF SHARES		
At 31 May 2006	10,291,213	6,626,731
Additions		3,664,482
Disposals	(10,264,732)	
At 31 May 2007	<u>£ 26,481</u>	<u>£ 10,291,213</u>

Disposals in the current year represent the hive up to Senergy (Holdings) Limited of the company's investments in Reservoir Management (Holdings) Limited, Xcavo Limited and Reservoir Management Limited

Details of the principal investments in which the company holds 20% or more of the nominal value of any class of share capital is as follows

The subsidiary undertaking at 31 May 2007 was

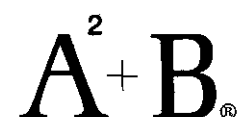
<i>Name</i>	Reservoir Management Sdn Bhd
<i>Country of incorporation</i>	Malaysia
<i>Holding</i>	Ordinary
<i>Nature of business</i>	Supply of geo science and petroleum engineering consultancy services
<i>Proportion of shares held</i>	90%
<i>Aggregate capital and reserves</i>	RM 4,113,866
<i>Profit for year</i>	RM 1,970,325

10 DEBTORS

	2007 £	2006 £
Amounts due within one year:		
Trade debtors	3,652,342	4,405,483
Amounts owed by group undertakings	731,370	324,765
Other debtors	235,127	48,413
Corporation tax recoverable	411,980	
Prepayments and accrued income	373,912	189,382
	<u>£ 5,404,731</u>	<u>£ 4,968,043</u>
Amounts due after one year:		
Amounts owed to parent undertaking	<u>£ 7,282,627</u>	<u>£</u>

SENERGY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS 31 MAY 2007

**11 CREDITORS** *amounts falling due within one year*

	2007 £	2006 £
Bank loans (Note 13)	536,736	536,736
Trade creditors	857,613	933,435
Corporation tax		910,000
Other taxes and social security	844,466	988,407
Other creditors	624,257	
Accruals and deferred income	1,247,019	1,471,666
	<u>£ 4,110,091</u>	<u>£ 4,840,244</u>

12 CREDITORS *amounts falling due after more than one year*

	2007 £	2006 £
Bank loans (Note 13)	2,194,393	2,731,129
Amounts owed to group undertaking	4,557,993	7,729,606
	<u>£ 6 752 386</u>	<u>£ 10 460,735</u>

SENERGY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS 31 MAY 2007

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13 LOANS *repayable as follows*

	2007 £	2006 £
In one year or less	600,000	600,000
In more than one year but not more than two years	600,000	600,000
In more than two years but not more than five years	1,800,000	1,800,000
In more than five years		600,000
	<hr/>	<hr/>
	3,000,000	3,600,000
Less loan issue costs	268,871	332,135
	<hr/>	<hr/>
	£ 2,731,129	£ 3,267,865
	<hr/>	<hr/>
	£	£
Due within one year (Note 11)	536,736	536,736
Due after one year (Note 12)	2,194,393	2,731,129
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	£ 2,731,129	£ 3,267,865
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Term loan 'A' is repayable in 24 quarterly instalments, commencing 31 May 2006. The term loan bears interest at 2% above LIBOR.

Term loan 'B' is repayable in one instalment of £500,000 on 28 February 2012. The term loan bears interest at 3% above LIBOR.

14 CALLED UP SHARE CAPITAL

	2007 & 2006
Authorised: 100,000 Ordinary shares of £0.01 each	£ 1,000
	<hr/>
Allotted, called up and fully paid: 600 Ordinary shares of £0.01 each	£ 6
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SENERGY LIMITED

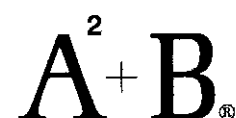
NOTES ON THE ABBREVIATED ACCOUNTS 31 MAY 2007

**15 RECONCILIATION OF SHAREHOLDERS FUNDS
AND MOVEMENTS ON RESERVES**

	Share capital £	Profit and loss account £	Total £
At 31 May 2005 as reported	6	3,932,510	3,932,516
Prior year adjustment		(3,860,000)	(3,860,000)
Profit for year		1,849,326	1,849,326
At 31 May 2006	6	1,921,836	1,921,842
Profit for year		1,992,861	1,992,861
At 31 May 2007	£ 6	£ 3,914,697	£ 3,914,703

**16 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW
FROM OPERATING ACTIVITIES**

	2007 £	2006 £
Operating profit	2,608,710	2,978,054
Depreciation	309,002	160,882
Loss on sale of fixed assets	11,053	7,438
Decrease/(increase) in debtors	613 996	(1,448,759)
(Decrease)/increase in creditors	(1,053,918)	1,404,164
Net cash inflow from operating activities	£ 2,488,843	£ 3,101,779

SENERGY LIMITED**NOTES ON THE ABBREVIATED ACCOUNTS – 31 MAY 2007****17 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2007 £	2006 £
(Decrease)/increase in cash in year	(114,822)	1,087,603
Repayment of long term loans	600,000	600,000
Change in net debt resulting from cash flow	485,178	1,687,603
Bank overdraft of business hive up		457,739
Net debt at 31 May 2006	(2,324,974)	(3,554,838)
Net debt at 31 May 2007	£ (1,839,796)	£ (2,324,974)

18 ANALYSIS OF NET DEBT

	At 31 May 2006 £	Cash flow £	Other non cash changes £	At 31 May 2007 £
Cash in hand and at bank	942,891	(51,560)		891,331
Debt due within one year	(536,736)			(536,736)
Debt due after one year	(2,731,129)	600,000	(63,264)	(2,194,393)
	£ (2,324,974)	£ 548,440	£ (63,264)	£ (1,839,798)

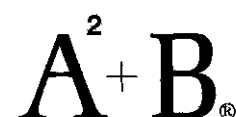
19 SECURITY

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

The company is part of a group banking facility and there is a cross guarantee with its holding company and subsidiaries. The group borrowings are £2,731,129

SENERGY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS 31 MAY 2007

**20 OPERATING LEASE COMMITMENTS**

	Land & Buildings	
	2007	2006
	£	£
<i>Operating leases which expire</i>		
Within two to five years	158,992	
In more than five years	121,250	111,700
	<u>£ 280,242</u>	<u>£ 111,700</u>

21 CAPITAL COMMITMENTS

	2007	2006
Future capital expenditure contracted for	<u>£ 52,147</u>	<u>£ 5,530</u>

22 SHARE BASED PAYMENT ARRANGEMENTS

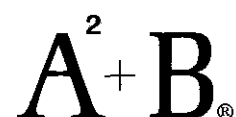
Certain employees receive share options in the parent undertaking Senergy Holdings Limited. These options are settled in equity. Employees can take up a percentage of the full option entitlement on a sliding scale over five years. Details of the share based payment arrangements during the year are as follows

	Options No	2007 Weighted average exercise price £
Granted during year	270,000	0.85
Outstanding at 31 May 2007	<u>270,000</u>	<u>£ 0.85</u>
Exercisable at 31 May 2007	<u>Nil</u>	<u>Nil</u>

Share options remaining outstanding at 31 May 2007 are exercisable at a price of 85 pence

SENERGY LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS 31 MAY 2007

**23 EVENTS AFTER THE BALANCE SHEET DATE**

During December 2007, a dividend of £2,000,000 was paid to Senergy Holdings Limited

24 RELATED PARTY TRANSACTIONS**Control**

Throughout the year the company was controlled by the directors

Transactions

During the year the company entered into the following transactions with related parties

Related Party	Transaction	£	Balance at year end £
Reservoir Management (Holdings) Limited			(4,172,327)
Reservoir Management Limited			(385,663)
Xcavo Limited			(3)
Reservoir Management Sdn Bhd	Management charges	134,122	
	Salary costs recharged	191,941	
	Travel costs recharged	41,188	
	Other expenses recharged	23,787	
	Exchange loss	12,119	727,352
Camcal Limited	Recharged costs	3,447	4,018
Senergy Holdings Limited	Management charges	(792,885)	
	Loan	624,500	
	Recharged expenses	(11,762)	
	Hive up of investments	10,264,732	7,282,627

25 ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Senergy Holdings Limited, a company registered in Scotland