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SENERGY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2011

TUESDAY



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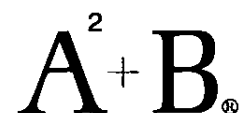
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COMPANIES HOUSE

SENERGY LIMITED

COMPANY INFORMATION



DIRECTORS

J G McCallum
D R H Reed (resigned 20 September 2010)
D W Sherrard (resigned 20 September 2010)
I B Williamson
P A Pavy (appointed 16 September 2010)

COMPANY SECRETARY

N M Campbell

COMPANY NUMBER

SC273506

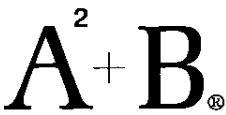
REGISTERED OFFICE

15 Bon Accord Crescent
Aberdeen
AB11 6DE

AUDITORS

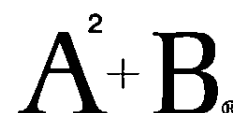
Anderson Anderson & Brown LLP
9 Queens Road
Aberdeen
AB15 4YL

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2011**



The directors present their report and the financial statements for the year ended 31 May 2011.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The directors believe that the company is now structured appropriately to address the market potential for the services it provides recognising the company's commitments.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,183,350 (2010 - loss £1,248,713).

No dividends were paid or proposed during the year (2010 - £nil).

DIRECTORS

The directors who served during the year were:

J G McCallum
D R H Reed (resigned 20 September 2010)
D W Sherrard (resigned 20 September 2010)
I B Williamson
P A Pavy (appointed 16 September 2010)

PRINCIPAL RISKS AND UNCERTAINTIES

The business 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.

EMPLOYEES

The company continue to 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.

SENERGY LIMITED

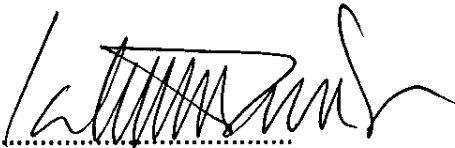
**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2011**

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AUDITORS

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

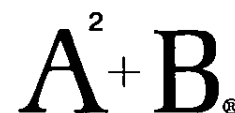
This report was approved by the board and signed on its behalf.



.....
I B Williamson
Director

Date: 25 May 2012

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MAY 2011**



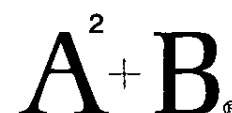
The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

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 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 LIMITED**



We have audited the financial statements of Senergy Limited for the year ended 31 May 2011, set out on pages 6 to 17. 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 2011 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.

EMPHASIS OF MATTER

Without qualifying our opinion we draw attention to Note 1 to the accounts. The Company is subject to a potential dispute in relation to a contract. Note 1 explains the potential impact on the balance sheet and the results should the potential dispute not be satisfactorily resolved. The amounts involved are significant and the ultimate outcome of the matter cannot presently be determined.

In forming our opinion we have also considered the adequacy of the disclosures made in Note 1 of the accounts concerning the going concern position of the Company. The accounts have been prepared on a going concern basis, the validity of which depends on the successful conclusion of the matters set out in Note 1. Our opinion is not qualified in this respect.

SENERGY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SENERGY LIMITED**

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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.

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:

25 May 2012

SENERGY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2011**

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	Note	2011 £	As restated 2010 £
TURNOVER		6,634,568	11,183,713
Cost of sales		<u>(3,177,343)</u>	<u>(8,182,837)</u>
GROSS PROFIT		3,457,225	3,000,876
Administrative expenses		(1,344,447)	(3,426,345)
Exceptional item	13	264,534	(450,153)
Total administrative expenses		<u>(1,079,913)</u>	<u>(3,876,498)</u>
OPERATING PROFIT/(LOSS)	3	2,377,312	(875,622)
Interest receivable and similar income	4	360	4,112
Interest payable and similar charges	5	<u>(118,422)</u>	<u>(59,093)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,259,250	(930,603)
Tax on profit/(loss) on ordinary activities	8	<u>(75,900)</u>	<u>(318,110)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>2,183,350</u></u>	<u><u>(1,248,713)</u></u>

All amounts relate to continuing operations.

The notes on pages 9 to 17 form part of these financial statements.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MAY 2011**

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	Note	2011 £	As restated 2010 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>2,183,350</u>	<u>(1,248,713)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		2,183,350	<u>(1,248,713)</u>
Prior year adjustment	16	<u>(740,560)</u>	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS		<u>1,442,790</u>	

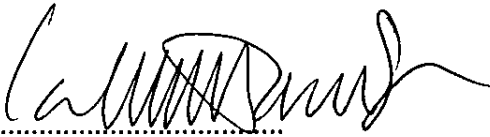
The notes on pages 9 to 17 form part of these financial statements.

BALANCE SHEET
AS AT 31 MAY 2011

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	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	9		628,797		928,740
CURRENT ASSETS					
Debtors	10	24,353,413		48,638,111	
Cash at bank		2,105,424		5,716,073	
		<u>26,458,837</u>		<u>54,354,184</u>	
CREDITORS: amounts falling due within one year	12	<u>(21,954,651)</u>		<u>(48,785,221)</u>	
NET CURRENT ASSETS			4,504,186		5,568,963
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,132,983</u>		<u>6,497,703</u>
PROVISIONS FOR LIABILITIES					
Other provisions	13		<u>(607,083)</u>		<u>(4,155,153)</u>
NET ASSETS			<u><u>4,525,900</u></u>		<u><u>2,342,550</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		6		6
Profit and loss account	15		<u>4,525,894</u>		<u>2,342,544</u>
SHAREHOLDERS' FUNDS	17		<u><u>4,525,900</u></u>		<u><u>2,342,550</u></u>

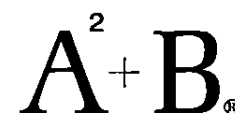
The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
I B Williamson
Director

Date: 25 May 2012

The notes on pages 9 to 17 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**



1. 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.

However, the Company faces a potential claim of \$20m as a result of a potential breach of contract in relation to a drilling contract. A provisional \$6m in partial recognition of a potential claim was recognised in the year ended 31 May 2009. \$5m has been paid during the year ended 31 May 2011 leaving a provision of \$1m at 31 May 2011. See note 13 for further details.

Resolution of the matter is the subject of ongoing negotiations with the drilling company. The value of the claim is significant and while the directors believe that a resolution will be achieved in due course, there is a risk that the Company may fail to negotiate a satisfactory resolution of the dispute. If that were the case, the Company would not be a going concern, and significant adjustments would be required to be made to the balance sheet with consequent implications for the reported results.

The Company has taken steps to pursue clients for recovery of sums due for commitments made under the drilling contract. Following a trial in October 2011, the Company's claim in respect of the liability has been found in the Company's favour. There is a remaining dispute in respect of quantum of this court action and this is still to be resolved. The amounts due to the company remain as receivable on the basis of the actions being taken by the directors to resolve the matters.

The going concern assumption is based on the successful resolution of the remaining quantum issue. Based upon that assumption, the directors 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 based on the accounting in preparation of the annual financial statements.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

2.2 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.

2.3 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:

Land & buildings	-	2% straight line
Computer equipment and office equipment	-	33% straight line
Other fixed assets	-	10-50% straight line

2. ACCOUNTING POLICIES (continued)

2.4 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.

2.5 Well operations

The company acts as an intermediary company and meets the criteria to disclose the flow through of gross sales and associated costs similar to an agency basis. This results in gross sales and costs being offset within the profit and loss account with only the management fee earned by the company being recognised. Included within other debtors (Note 10), cash at bank and in hand (Note 11) and other creditors (Note 12) the company has identified the gross values attributed to well operations.

2.6 Foreign currencies

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

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

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

2.7 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.

2.8 Taxation

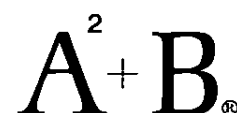
Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**2. ACCOUNTING POLICIES (continued)****2.9 Pensions**

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

3. OPERATING PROFIT/(LOSS)

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

	2011 £	2010 £
Depreciation of tangible fixed assets:		
- owned by the company	299,943	483,696
Auditors' remuneration	10,000	30,000
Operating lease rentals:		
- other operating leases	118,893	135,966
Foreign exchange (gain)/loss	(228,972)	38,290
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE

	2011 £	2010 £
Other interest receivable	360	4,112
	<u> </u>	<u> </u>

5. INTEREST PAYABLE

	2011 £	2010 £
Bank interest	96,747	59,093
Other interest	21,675	-
	<u> </u>	<u> </u>
	<u>118,422</u>	<u>59,093</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

6. STAFF COSTS

Staff costs, including directors' remuneration and prior to any recharges to group companies were as follows:

	2011 £	2010 £
Wages and salaries	1,520,011	2,520,895
Social security costs	185,071	305,548
Other pension costs	182,856	285,019
	<u>1,887,938</u>	<u>3,111,462</u>

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

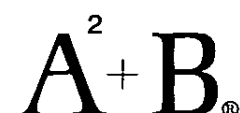
	2011 No.	2010 No.
Technical	31	26
Administration	2	2
	<u>33</u>	<u>28</u>

7. DIRECTORS' REMUNERATION

	2011 £	2010 £
Emoluments including benefits in kind	<u>28,451</u>	<u>89,681</u>
Pension contributions	<u>3,281</u>	<u>15,750</u>

During the year retirement benefits were accruing to 1 director (2010 - 3) in respect of defined contribution pension schemes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**



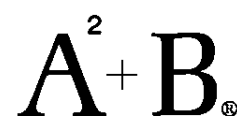
8. TAXATION

	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit/loss for the year	105,677	864
Group taxation relief	70,447	310,579
Foreign tax adjustments in respect of prior periods	(42,484)	-
Exchange difference	-	6,667
Total current tax	<u>133,640</u>	<u>318,110</u>
Deferred tax		
Transfer during year	(57,740)	-
Tax on profit/loss on ordinary activities	<u>75,900</u>	<u>318,110</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - higher than) the standard rate of corporation tax in the UK of 27.67% (2010 - 28%). The differences are explained below:

	2011 £	2010 £
Profit/loss on ordinary activities before tax	<u>2,259,250</u>	<u>(930,603)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.67% (2010 - 28%)	625,134	(260,569)
Effects of:		
Non-tax deductible expenditure	12,055	38,758
Depreciation in excess of capital allowances	27,785	39,319
Exchange difference	-	6,667
Utilisation of tax losses	(473,387)	(23,713)
Adjustments to tax charge in respect of prior periods	(42,484)	-
Other timing differences leading to an increase (decrease) in taxation	-	(288)
Non-taxable income	(25,351)	-
Tax effect of prior year adjustment	-	207,357
Group relief	(60,559)	310,579
Payment of group relief	70,447	-
Current tax charge for the year (see note above)	<u>133,640</u>	<u>318,110</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011

9. TANGIBLE FIXED ASSETS

	Land & buildings £	Office equipment £	Computer equipment £	Other fixed assets £	Total £
Cost					
At 1 June 2010 and 31 May 2011	455,034	349,521	1,779,015	700,253	3,283,823
Depreciation					
At 1 June 2010	54,105	315,527	1,516,858	468,593	2,355,083
Charge for the year	9,101	23,162	181,127	86,553	299,943
At 31 May 2011	63,206	338,689	1,697,985	555,146	2,655,026
Net book value					
At 31 May 2011	391,828	10,832	81,030	145,107	628,797
At 31 May 2010	400,929	33,994	262,157	231,660	928,740

10. DEBTORS

	2011 £	2010 £
Trade debtors	128,709	1,483,679
Amounts owed by group undertakings	11,951,703	11,803,106
VAT	-	3,286,961
Other debtors	9,849,192	28,147,953
Prepayments and accrued income	824,345	1,703,721
Tax recoverable	1,477,640	2,148,607
Deferred tax asset	121,824	64,084
	<u>24,353,413</u>	<u>48,638,111</u>

Included within other debtors is an amount of £9.8m (2010 - £28.1m) in relation to well operations.

11. CASH AT BANK AND IN HAND

Included within cash at bank of £2.1m (2010 - £5.7m) is an amount of £1.5m (2010 - £5.7m) in relation to well operations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 201112. CREDITORS:
Amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	-	473,431
Trade creditors	64,808	1,395,855
Amounts owed to group undertakings	6,713,725	6,473,317
Social security and other taxes	289,984	99,092
Other creditors	14,825,133	40,027,737
Accruals and deferred income	61,001	315,789
	<u>21,954,651</u>	<u>48,785,221</u>

Included within other creditors is an amount of £14.8m (2010 - £40m) in relation to well operations.

13. EXCEPTIONAL ITEM

	Provision £
At 1 June 2010	4,155,153
Payments in year	(3,283,536)
Foreign exchange revaluation	(264,534)
At 31 May 2011	<u>607,083</u>

Provision

A provision of \$6 million (£3.7 million) in partial recognition of the likelihood of a claim of \$20 million was recognised during the year ended 31 May 2009. Refer to Note 1. \$5 million of the provision has been paid during the year ended 31 May 2011 with a further \$1m payable in June 2012.

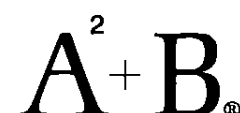
Included within other creditors of £14.8 million (Note 12) the company has a liability of \$20 million with a back to back debtor of \$20 million included within other debtors of £9.8m million (Note 10).

The Company faces a potential claim of \$20m as a result of a potential breach of contract in relation to a drilling contract. A provisional \$6m in partial recognition of a potential claim was recognised in the year ended 31 May 2009. \$5m has been paid during the year ended 31 May 2011 leaving a provision of \$1m at 31 May 2011.

Resolution of the matter is the subject of ongoing negotiations with the drilling company. The value of the claim is significant and while the directors believe that a resolution will be achieved in due course, there is a risk that the Company may fail to negotiate a satisfactory resolution of the dispute. If that were the case, the Company would not be a going concern, and significant adjustments would be required to be made to the balance sheet.

The Company has taken steps to pursue clients for recovery of sums due for commitments made under the drilling contract. Following a trial in October 2011, the Company's claim in respect of the liability has been found in the Company's favour. There is a remaining dispute in respect of quantum of this court action and this is still to be resolved.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**

**14. SHARE CAPITAL**

	2011 £	2010 £
Allotted, called up and fully paid		
600 Ordinary shares of £0.01 each	<u>6</u>	<u>6</u>

15. RESERVES

	Profit and loss account £
At 1 June 2010 (as previously stated)	3,083,104
Prior year adjustment (note 16)	<u>(740,560)</u>
At 1 June 2010 (as restated)	2,342,544
Profit for the year	<u>2,183,350</u>
At 31 May 2011	<u><u>4,525,894</u></u>

16. PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to profit incorrectly recognised on two well operations contracts totalling £740,560 during the year ended 31 May 2010.

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Opening shareholders' funds	3,083,110	3,591,263
Prior year adjustments (note 16)	<u>(740,560)</u>	
Opening shareholders' funds (as restated)	2,342,550	
Profit/(loss) for the year	<u>2,183,350</u>	<u>(1,248,713)</u>
Closing shareholders' funds	<u><u>4,525,900</u></u>	<u><u>2,342,550</u></u>

18. 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 £13,080,359.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**19. OPERATING LEASE COMMITMENTS**

At 31 May 2011 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2011	2010
	£	£
Expiry date:		
Within 1 year	-	13,464
After more than 5 years	121,250	121,250
Total	<u>121,250</u>	<u>134,714</u>

20. SHARE-BASED PAYMENT ARRANGEMENTS

Certain employees receive share options in the parent undertaking Senergy Holdings Limited. Senergy Holdings Limited was the parent company prior to Senergy Group Limited being incorporated on 31 March 2010. These options are settled in equity. Employees can take up a percentage of the full option entitlement on a sliding scale over five years. All share options crystallised in September 2010.

21. 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 exemption given by paragraph 3(c) of Financial Reporting Standard Number 8 which allows exemption from disclosure of related party transactions with other group companies.

22. INTERMEDIATE AND ULTIMATE PARENT UNDERTAKING

The company's intermediate holding company is Senergy Oil and Gas Limited, a company registered in Scotland. The ultimate holding company is Senergy Group Limited, a company registered in Scotland.

The consolidated financial statements of Senergy Group Limited are available to the public and may be obtained from their registered office at 15 Bon Accord Crescent, Aberdeen.