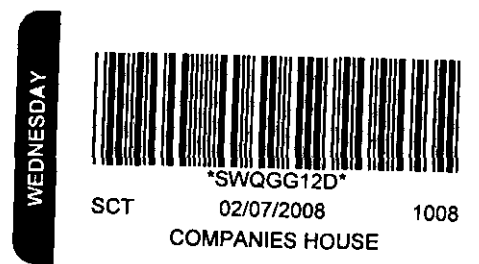


STABLE HOLDINGS LIMITED
(Company Number SC308560)

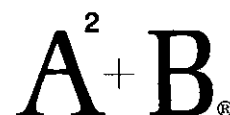
DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2007



Anderson Anderson & Brown LLP
Chartered Accountants

STABLE HOLDINGS LIMITED
DIRECTORS' REPORT



Directors Mr R Coffey (appointed 13 September 2006)
 Mr R Cowan (appointed 14 June 2007)

Secretaries CLP Secretaries Limited

Registered office Commercial House, 2 Rubislaw Terrace, Aberdeen

The directors submit their report and the group audited accounts for the period from the date of incorporation on 13 September 2006 to 31 December 2007. The company commenced trading on 8 December 2006.

RESULTS AND DIVIDENDS

The profit for the period after taxation and minority interests, amounted to £1,538,774, has been dealt with as shown in the profit and loss account. The directors do not propose the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the group are the sale, rental, manufacture and repair of oilfield equipment.

PRINCIPAL RISKS AND UNCERTAINTIES

Following the acquisition of Stable Services Limited in December 2006 the Group ("Stable") has seen a four fold growth in turnover of the acquired business to £28 million, and on a group basis has generated operating cash flows in excess of £4 million. Stable has demonstrated its ability to capitalise on the increasing global demand for oilfield products.

Stable is now firmly on track to become a global market leader in the supply, manufacture and rental of oilfield products.

In the last six months Stable has established an engineering capability to become a technically competent company, not only able to source and manufacture products but to provide added value technical solutions to the increasing challenges of drilling around the world. Since the year end a new company, Stable Engineering and Design Limited has been set up to develop proprietary tools to expand Stable's product range. This company is already designing and developing new technologies for the rapidly expanding bottom hole assembly market.

In a relatively short period, the acquired business of Stable Services Limited was effectively transformed with a new management team and more effective and robust processes which were shortly followed by increased rental capability following the trade and assets purchase of Rig Services' rental business in July 2007. This was complemented by the increase in global coverage through offices in Norway, Canada, Libya, Singapore and the Middle East.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The company is now well positioned to capture an even bigger share of the rapidly growing global bottom hole assembly market

Despite the success, the last 12 months have been considerably challenging. Growing so quickly to meet increasing customer demand is not without its problems, but despite those Stable has demonstrated that it can source and deliver the right products at the right time for its customers.

Investing in people has been a key component of the growth. The calibre and number of people attracted to join the business and share in its success, is testament to the dynamic environment created and the visibility of its potential both at home and abroad.

Stable will maintain its aggressive growth strategy, focusing on adding value to the service and investing in stock and machine shops around the world. The directors will continue to look at strategic overseas locations and opportunities for organic growth. The strong financial position means they can do so with relatively low gearing.

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 13.

PROVISION OF INFORMATION TO AUDITORS

As far as the directors are aware, there is no relevant audit information of which the company's 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 were appointed auditors on 13 September 2006 and have expressed their willingness to continue in office. Anderson Anderson & Brown LLP have expressed their willingness to continue in office and a resolution proposing their reappointment will be submitted at the annual general meeting.

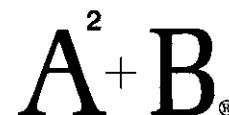
Signed on behalf of the board of directors


Director – R Coffey



Date

STABLE HOLDINGS 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 THE SHAREHOLDERS OF
STABLE HOLDINGS LIMITED**

A² + B[®]

We have audited the group and parent company accounts of Stable Holdings Limited for the period ended 31 December 2007 which comprise the Group Profit and Loss Account, Group Statement of total recognised gains and losses, the Group and Company Balance Sheet, the Group Cash Flow Statement and the related notes. These accounts have been prepared under the historical cost convention and in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether or not the accounts give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the accounts. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion:

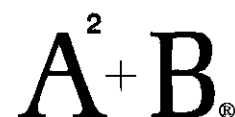
- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2007 and of the group's profit for the period then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information provided in the directors' report is consistent with the accounts.

Anderson Anderson & Brown LLP

Anderson Anderson & Brown LLP
Chartered Accountants
Registered Auditors
Aberdeen

16th June 2008

STABLE HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2007



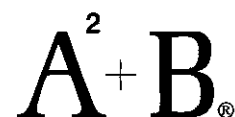
		Period from 13 September 2006 to 31 December 2007 £
	Note	
TURNOVER		
Group turnover and share of joint venture's turnover		28,504,850
Share of joint venture's turnover		344,201
GROUP TURNOVER	2	28,160,649
Operating costs		25,681,764
GROUP OPERATING PROFIT	3	2,478,885
Share of operating loss in joint venture		(10,134)
TOTAL OPERATING PROFIT		2,468,751
Other income	6	438,150
Interest payable	7	(619,392)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,287,509
Taxation on profit on ordinary activities	8	747,296
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	9	1,540,213
Minority interests		1,439
PROFIT FOR FINANCIAL PERIOD		<u>£ 1,538,774</u>

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

Movements on reserves are as set out in Note 20

STABLE HOLDINGS LIMITED

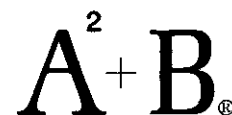
**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR PERIOD ENDED 31 DECEMBER 2007**



	Period from 13 September 2006 to 31 December 2007 £
Profit after tax for the financial period	1,538,774
Currency translation differences on foreign currency net investments	<u>(53,492)</u>
Total recognised gains and losses relating to the period	<u><u>£ 1,485,282</u></u>

STABLE HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET – 31 DECEMBER 2007



	Note	£	£
FIXED ASSETS			
Intangible assets	10		1,999,502
Tangible assets	11		6,662,026
Investment in joint venture	12		
Share of gross assets		398,713	
Share of gross liabilities		(230,714)	167,999
			<u>8,829,527</u>
CURRENT ASSETS			
Stocks	13		4,457,412
Debtors	14		3,569,303
Cash at bank and in hand			220,131
			<u>8,246,846</u>
CREDITORS <i>amounts falling due within one year</i>	15		<u>10,775,971</u>
NET CURRENT LIABILITIES			<u>(2,529,125)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,300,402</u>
CREDITORS <i>amounts falling due after more than one year</i>	16		4,023,255
PROVISION FOR LIABILITIES AND CHARGES	17		<u>149,425</u>
			<u>£ 2,127,722</u>
CAPITAL AND RESERVES			
Called up share capital	19		641,001
Profit and loss account	20		<u>1,485,282</u>
SHAREHOLDERS' FUNDS	20		2,126,283
Minority interest			<u>1,439</u>
			<u>£ 2,127,722</u>

Signed on behalf of the board of directors


 Director – R Coffey

16/6/08

Date

STABLE HOLDINGS LIMITED
BALANCE SHEET – 31 DECEMBER 2007

A² + B[®]

	Note	£
FIXED ASSETS		
Intangible assets	10	5,000
Investments	12	2,345,976
		<u>2,350,976</u>
CURRENT ASSETS		
Debtors	14	576,914
Cash at bank		2,129
		<u>579,043</u>
CREDITORS <i>amounts falling due within one year</i>	15	1,072,832
NET CURRENT LIABILITIES		<u>(493,789)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,857,187
CREDITORS <i>amounts falling due after more than one year</i>	16	941,667
		<u>£ 915,520</u>
CAPITAL AND RESERVES		
Called up share capital	19	641,001
Profit and loss account	20	274,519
SHAREHOLDERS' FUNDS	20	<u>£ 915,520</u>

Signed on behalf of the board of directors

R Coffey
 Director – R Coffey

16/6/08

Date

STABLE HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2007



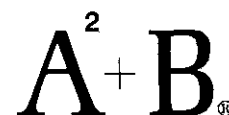
	Note	2007 £
Net cash inflow from operating activities	21	2,331,335
Returns on investments and servicing of finance	22	(619,392)
Taxation	22	(26,904)
Capital expenditure and financial investment	22	(1,144,716)
Acquisitions and disposals	22	(3,120,467)
		<u>(2,580,144)</u>
Financing – decrease in debt	22	<u>198,704</u>
Decrease in cash		<u>£ (2,381,440)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2007 £
Decrease in cash in the period		(2,381,440)
Cash movement from increase in debt and lease financing		<u>(198,704)</u>
Movement in net debt in period		(2,580,144)
Net debt acquired with subsidiaries		(680,787)
New hire purchase agreements		<u>(5,540,550)</u>
Net debt at 31 December 2007	23	<u>£ (8,801,481)</u>

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007



1 ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

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

(b) *Basis of consolidation*

The group financial statements consolidate the financial statements of the company and all subsidiaries using the acquisition method of accounting. Results of subsidiary undertakings acquired during the period are included in the financial statements from effective date of control. The separable net assets of the acquired subsidiary undertakings were incorporated into the financial statements on the basis of the fair value as at the effective date of control.

Entities in which the group holds an interest on a long term basis and are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group accounts, joint ventures are accounted for using the gross equity method.

(c) *Depreciation*

The cost of fixed assets is written off by equal monthly instalments over their expected useful lives as follows

Tenants improvements	over the duration of the lease
Plant and equipment	20% on reducing balance or 3 to 5 years on cost
Rental tools	20% on cost
Motor vehicles	20% on reducing balance

(d) *Stocks and work in progress*

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items.

Work in progress is valued at the lower of cost and net realisable value, with profit being recognised if jobs are substantially complete and the final outcome can be assessed with reasonable certainty.

1 ACCOUNTING POLICIES (continued)

(e) *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

(f) *Investments*

Investments are stated at cost less provision for any permanent diminution in value

(g) *Intangible assets*

Goodwill is the difference between the fair value of any consideration given (including fees and other expenses of the acquisition) and the aggregate of the fair values of the entity acquired. Goodwill is being amortised over a 20 year period

The cost of obtaining patents is capitalised in the balance sheet. The amortisation policy is 20% reducing balance

(h) *Foreign currencies*

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, monetary assets and liabilities at the balance sheet date are translated at the year end rate of exchange. The resulting profits or losses are dealt with in the profit and loss account

(i) *Leasing and hire purchase commitments*

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

STABLE HOLDINGSS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

A²+B®**1 ACCOUNTING POLICIES (continued)****(j) Pensions**

The company operates a defined contribution pension scheme Contributions are charged to the profit and loss account as they become payable

(k) Research and development

Expenditure on research and development is written off in the year it is incurred

(l) Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs The carrying amount is increased by the debt issue costs amortised over the period of the loan in each accounting period and reduced by payments made in the period

2 GROUP TURNOVER

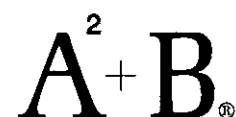
Turnover represents net invoiced sales of goods, excluding value added tax Turnover is not analysed by geographic region as the directors believe that this disclosure would be seriously prejudicial to the best interest of the company

3 GROUP OPERATING PROFIT *is stated after charging/(crediting)*

		Period from 13 September 2006 to 31 December 2007 £
Auditors' remuneration	audit of parent company and consolidated accounts	12,000
	audit of subsidiary companies pursuant to legislation	40,000
	other services	43,800
		315,517
Depreciation	owned fixed assets	
	assets held under finance leases and hire purchase contracts	781,276
Amortisation of intangible assets		110,252
Loss on exchange		151,999
Gain on disposal of fixed assets		(184)
Operating lease rentals – land and buildings		234,160

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

**4 STAFF COSTS AND NUMBERS**

Period from
13 September 2006
to 31 December
2007
£

Staff costs	wages and salaries	2,543,208
	social security	252,480
	other pension costs	20,391
		<hr/>
		£ 2,816,079
		<hr/>

The average number of persons employed by the group during the period, including the directors, was as follows

Period from
13 September 2006
to 31 December
2007
No

Directors	2
Administration	19
Operations	40
<hr/>	
61	
<hr/>	

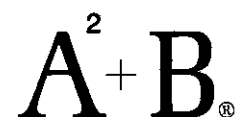
5 DIRECTORS' EMOLUMENTS

Period from
13 September 2006
to 31 December
2007
£

Emoluments (including benefits in kind)	247,491
Fees	25,800
<hr/>	
£ 273,291	
<hr/>	

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

**5 DIRECTORS' EMOLUMENTS (continued)**Period from
13 September 2006
to 31 December
2007The emoluments in respect of the highest paid director
were as followsEmoluments (including benefits in kind) £ 236,324**6 OTHER INCOME**Period from
13 September 2006
to 31 December
2007
£

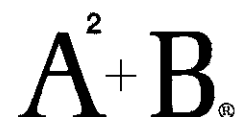
Interest receivable	20,976
Rental income	112,726
Other trading income	304,448
	<u>£ 438,150</u>

7 INTEREST PAYABLE AND SIMILAR CHARGESPeriod from
13 September 2006
to 31 December
2007
£

Bank overdraft and loan interest	324,213
Hire purchase and finance lease charges	260,961
Other interest	468
Amortisation of loan finance costs	33,750
	<u>£ 619,392</u>

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

8 TAXATION *charge based on the profit for the period comprises*

Period from
13 September 2006
to 31 December
2007
£

UK corporation tax payable	720,150
Adjustment relating to prior year	3,260
Transfer to deferred taxation	31,601
Adjustment relating to prior year	(7,715)
	<hr/>
	747,296
Share of joint venture tax	<hr/>
	<hr/>
	£ 747,296
	<hr/>

The UK corporation tax charge payable for the period differs materially from the amount which would be anticipated by applying the group's tax rate of 30% to its pre tax profit due to goodwill amortisation not being tax deductible

9 PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

In accordance with the exemptions allowed by Section 230(3) of the Companies Act 1985, the company has not presented its own profit and loss account. Of the group profit for the financial period a profit of £274,519 has been dealt with in the accounts of the company

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

A²+B[®]**10 INTANGIBLE FIXED ASSETS**

GROUP	Patents £	Goodwill £	Total £
COST			
Acquired with subsidiary undertakings	147,285		147,285
Additions	4,951	2,073,991	2,078,942
	<u>152,236</u>	<u>2,073,991</u>	<u>2,226,227</u>
AMORTISATION			
Acquired with subsidiary undertakings	116,473		116,473
Charge for period	6,552	103,700	110,252
	<u>123,025</u>	<u>103,700</u>	<u>226,725</u>
Net book amounts at 31 December 2007	<u>£ 29,211</u>	<u>£ 1,970,291</u>	<u>£ 1,999,502</u>
COMPANY			Patents £
COST			
Additions and at 31 December 2007			<u>5,000</u>
AMORTISATION			
Charge for period and at 31 December 2007			<u> </u>
Net book amounts at 31 December 2007			<u>£ 5,000</u>

11 TANGIBLE FIXED ASSETS

GROUP	Tenants' improve ments £	Plant and equipment £	Rental tools £	Motor vehicles £	Total £
COST					
Acquired with subsidiary undertakings	284,298	1,678,834	752,523	10,345	2,726,000
Additions		2,459,635	4,167,650	55,780	6,683,065
Disposals		(25,607)	(6,125)	(10,345)	(42,077)
At 31 December 2007	<u>284,298</u>	<u>4,112,862</u>	<u>4,914,048</u>	<u>55,780</u>	<u>9,366,988</u>
DEPRECIATION					
Acquired with subsidiary undertakings	145,395	1,047,187	449,017	6,081	1,647,680
Charge for period	17,000	494,995	573,145	11,653	1,096,793
Relating to disposals		(25,607)	(6,125)	(7,779)	(39,511)
At 31 December 2007	<u>162,395</u>	<u>1,516,575</u>	<u>1,016,037</u>	<u>9,955</u>	<u>2,704,962</u>
Net book amounts at At 31 December 2007	<u>£ 121,903</u>	<u>£ 2,596,287</u>	<u>£ 3,898,011</u>	<u>£ 45,825</u>	<u>£ 6,662,026</u>

The net book amounts of plant and equipment includes amounts of £1,772,562, rental tools amounts of £3,707,990 and motor vehicles amounts of £45,825 in respect of assets held under hire purchase and finance leases

COMPANY

The company has no tangible fixed assets

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

A²+B[®]**12 INVESTMENTS****GROUP**

	2007 £
Joint Venture	
Additions in period	164,551
Goodwill	13,582
Share of loss retained by joint venture	(10,134)
	<hr/>
At 31 December 2007	<u>£ 167,999</u>

The group has invested in a joint venture, Oilfield Drilling Services Inc, a company registered in Canada. The principal activity is that of renting and repairing stabilizers and drill collars used by offshore drilling companies.

COMPANY

Unlisted investments

COST

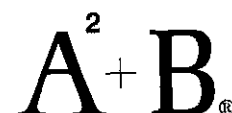
Additions and at 31 December 2007	<u>£ 2,345,976</u>
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The subsidiary undertakings at 31 December 2007 were

Company	Nature of business	Holding %	Country of incorporation
Stable Services Limited	Sale, rental, manufacture and repair of oilfield equipment	Ordinary shares 100%	Scotland
Holsco Limited	Steel trade	Ordinary shares 90%	Scotland
Stable Leasing Limited	Rental of oilfield equipment	Ordinary shares 100%	Scotland
Stable Services Middle East Limited	Dormant	Ordinary shares 100%	UAE
Stable Services AS *	Sale and rental of oilfield equipment	Ordinary shares 100%	Norway
Downhole Solutions AS*	In liquidation	50%	Norway
Stable Services PTE Limited **	Sale, rental, manufacture and rental of oilfield equipment	Ordinary shares 100%	Singapore

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

**12 INVESTMENTS (continued)**

* owned through Stable Services Limited

** owned through Stable Services Middle East Limited

The financial statements of Downhole Solutions AS have not been included in the consolidated accounts. The company is in liquidation and the group has provided against all amounts due from this company. The directors do not believe there will be any further liabilities for the group as a result of this liquidation.

The financial statements of Stable Service Middle East Limited Group have not been included in the consolidated accounts as the group commenced trading in September 2007 and the financial results are considered not sufficiently material to include within the consolidated accounts.

On 8 December 2006 the company acquired the entire share capital of Stable Services Limited for a consideration of £2,159,683.

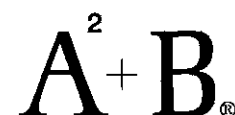
On 8 December 2006 the company acquired 80% of the share capital of Holsco Limited for a consideration of £186,293. On 24 July 2007 the company acquired a further 10% of the share capital of Holsco Limited.

The fair value of assets and liabilities of both acquisitions were

	Stable Services £	Holsco £
Net assets acquired.		
Fixed assets	1,141,614	18,457
Stocks	456,231	28,684
Debtors	5,133,722	1,456,527
Cash at bank	(2,212,346)	882,171
Creditors	(3,582,050)	(2,384,953)
Loans and hire purchase	(677,483)	(3,304)
	<u>259,688</u>	<u>(2,418)</u>
Satisfied by:		
Share swap	566,000	75,000
Cash	1,593,683	111,293
Goodwill	(1,899,995)	(188,711)
	<u>£ 259,688</u>	<u>£ (2,418)</u>

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

**12 INVESTMENTS (continued)**

During the period Stable Leasing Limited purchased the trade, and assets of Rig Services International Limited and Rig Services (Engineering) Limited for a consideration of £4,200,000

13 STOCKS AND WORK IN PROGRESS**GROUP**

	2007 £
Raw materials and consumables	473,033
Work in progress	3,984,379
	<u>£ 4,457,412</u>

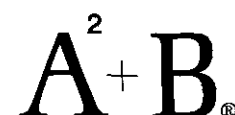
14 DEBTORS

	Group 2007 £	Company 2007 £
Trade debtors	2,425,521	196,439
Prepayments and accrued income	808,289	
Amounts owed by group undertakings		378,158
Other debtors	335,493	2,317
	<u>£ 3,569,303</u>	<u>£ 576,914</u>

Included in Group other debtors above is an amount of £57,971 which represents amounts falling due after more than one year

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007



15 CREDITORS *amounts falling due within one year*

	Group 2007 £	Company 2007 £
Bank overdraft	2,601,572	108,583
Bank loan (Note 25)	520,000	520,000
Other loans	25,073	
Trade creditors	1,777,215	89,448
Taxation and social security	228,931	129,181
Accruals and deferred income	3,022,110	25,000
Obligations under finance leases and hire purchase contracts (Note 24)	1,738,463	
Amounts owed to group undertakings		70,620
Corporation tax	758,759	130,000
Director's loan	103,828	
Financial liability – 'A' Ordinary redeemable shares	20	
	<u>£ 10,775,971</u>	<u>£ 1,072,832</u>

The 'A' Ordinary Redeemable shares are redeemable at par at any time by the holder provided six months notice in writing is given. The company may redeem the shares at any time and from time to time to the extent that it is lawful for the company to redeem at the time of redemption.

The redeemable shares carry no voting rights.

In the event of a winding up the Redeemable Shareholders are entitled to receive £1 per share after the payment of £1 per share to Ordinary Shareholders.

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

	Group 2007 £	Company 2007 £
Bank term loan (Note 25)	1,216,750	941,667
Other loans	9,021	
Obligations under finance leases and hire purchase contracts (Note 24)	2,797,484	
	<u>£ 4,023,255</u>	<u>£ 941,667</u>

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

17 PROVISION FOR LIABILITIES AND CHARGES

The provision represents the maximum potential liability to deferred tax as follows

GROUP

	2007 £
Acquired with subsidiary undertakings	125,539
Transferred during the period	23,886
	<hr/>
At 31 December 2007	<u>£ 149,425</u>

18 SECURITY

The bank borrowings are secured by a bond and floating charge over the assets of the company. A cross guarantee exists between the company and certain group companies. As at 31 December 2007 the potential liability under this arrangement amounted to £3,486,051.

19 CALLED UP SHARE CAPITAL

	Group & Company 2007 £
Authorised:	
Ordinary shares of £1 each	<u>£ 1,000,000</u>
Allotted, called up and fully paid:	
Ordinary shares of £1 each	<u>£ 641,001</u>

During the period the company issued 641,001 ordinary shares of £1 each at par

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

A²+B[®]**20 RECONCILIATION OF SHAREHOLDERS' FUNDS
AND MOVEMENTS ON RESERVES**

GROUP	Share capital £	Profit and loss account £	Total £
Issue of shares in period	641,001		641,001
Profit for the period		1,540,213	1,540,213
Foreign currency translation		(53,492)	(53,492)
Minority interest		(1,439)	(1,439)
At 31 December 2007	<u>£ 641,001</u>	<u>£ 1,485,282</u>	<u>£ 2,126,283</u>

COMPANY	Share capital £	Profit and loss account £	Total £
Issue of shares	641,001		641,001
Profit for the period		274,519	274,519
At 31 December 2007	<u>£ 641,001</u>	<u>£ 274,519</u>	<u>£ 915,520</u>

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

	2007 £
Operating profit	2,917,035
Gain on sale of fixed assets	(184)
Depreciation on tangible fixed assets	1,096,793
Goodwill amortisation	103,700
Amortisation of intangible fixed assets	6,552
Increase in stocks	(3,937,885)
Decrease in debtors	2,676,315
Decrease in creditors	(477,499)
Loss on foreign currency translation	(53,492)
Net cash inflow from operating activities	<u>£ 2,331,335</u>

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

A²+B[®]**22 ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT**2007
£**Returns on investments and servicing of finance**

Interest paid

£ (619,392)

Taxation

UK corporation tax paid

(26,904)

Capital expenditure and financial investment

Purchase of tangible fixed assets

(1,142,515)

Purchase to acquire patents

(4,951)

Sale of tangible fixed assets

2,750

£ (1,144,716)

Acquisitions and disposals

Purchase of subsidiary undertakings

(1,704,976)

Purchase of joint venture

(164,551)

Net overdrafts acquired with subsidiaries

(1,250,940)

£ (3,120,467)

Financing

New loans received

2,850,000

Repayment of loans

(1,267,067)

Repayment of principal under hire purchase

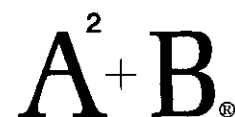
(1,384,229)

Net inflow from financing

£ 198,704

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007



23 ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

	Cash flows £	Acquisitions £	Other changes £	At 31 December 2007 £
Cash in hand	220,132			220,132
Bank overdraft	(2,601,572)			(2,601,572)
Loans	(1,582,933)	(301,161)		(1,884,094)
Hire purchase	1,384,229	(379,626)	(5,540,550)	(4,535,947)
	<u>£ (2,580,144)</u>	<u>£ (680,787)</u>	<u>£ (5,540,550)</u>	<u>£ (8,801,481)</u>

24 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

GROUP

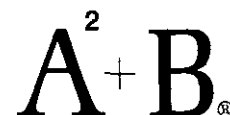
	2007 £
<i>Amounts payable</i>	
Within one year	2,009,251
Within two to five years	2,970,828
	<u>4,980,079</u>
Less Finance charges allocated to future periods	(444,132)
	<u>£ 4,535,947</u>

Finance leases and hire purchase contracts are analysed as follows

Current obligations (Note 15)	1,738,463
Non current obligations (Note 16)	2,797,484
	<u>£ 4,535,947</u>

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007



25 BANK LOANS

	Group 2007 £	Company 2007 £
<i>Amounts falling due</i>		
Within one year	540,000	540,000
Between one and two years	540,000	540,000
Between two and five years	770,000	420,000
	<hr/>	<hr/>
	1,850,000	1,500,000
Less unamortised finance costs	(113,250)	(38,333)
	<hr/>	<hr/>
	£ 1,736,750	£ 1,461,667

A bank loan for £350,000 is repayable in full on 31 July 2010. The interest rate is 2.5% per annum over the bank's base rate.

A bank loan of £2,500,000 was drawn down on 8 December 2006. The loan is repayable in 13 quarterly instalments and bears interest at 1.75% per annum over the bank's base rate.

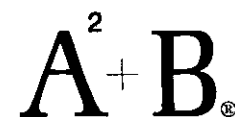
26 OTHER FINANCIAL COMMITMENTS

The annual commitments under non cancellable operating leases are as follows

GROUP	Land and buildings 2007
<i>Operating leases which expire</i>	
In more than 5 years	<hr/>
	£ 290,000

STABLE HOLDINGS LIMITED

NOTES ON THE ACCOUNTS – 31 DECEMBER 2007

**27 RELATED PARTY TRANSACTIONS****Control**

Throughout the period the group was controlled by the directors of Stable Holdings Limited

Transactions

During the period the group had the following transactions with related parties

Related party	Transaction	£	Balance at period end £
RAWC Services Limited, a company in which R Cowan is a director	Provision of services	25,800	(4,230)
R Coffey, director	Loan movements	254,157	(103,828)

28 CAPITAL COMMITMENTS

At 31 December 2007 the group had capital commitments contracted of £172,652