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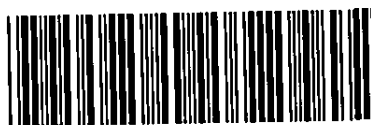
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**SENERGY SURVEY &
GEOENGINEERING LIMITED**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2012

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SENERGY SURVEY & GEOENGINEERING LIMITED



COMPANY INFORMATION

DIRECTORS

N M Campbell
D Wallwork
J G McCallum

COMPANY SECRETARY

N M Campbell

COMPANY NUMBER

SC350040

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 services to oil and gas extraction companies. The company is the holding company for subsidiaries involved primarily in survey & geoengineering consultancy.

BUSINESS REVIEW

The company has had a successful trading period in its activities as a holding company.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £903,336 (2011 - £102,122).

No dividends were paid or proposed during the period (2011 - £nil).

DIRECTORS

The directors who served during the year were:

N M Campbell
D Wallwork
J G McCallum

PRINCIPAL RISKS AND UNCERTAINTIES

As the business grows it faces inherent risk in terms of people recruitment, retention and in the 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 business has been supported by its ultimate parent company and affiliates and growth through the recruitment of key employees. There is a continued focus on the development of our people to ensure that the company's reputation of delivering quality and performance in everything it does it maintained.

GOING CONCERN

At 31 May 2012 the company has net current liabilities of £9,966,316. Included within these liabilities are amounts due to the immediate parent company and fellow subsidiaries £9,568,978. The financial statements are prepared on a going concern basis, which assumes that the company will continue to meet its liabilities as they fall due. The ultimate parent company and its subsidiaries have confirmed they shall not seek repayment of amounts due to the detriment of other creditors. Furthermore the ultimate parent company and its subsidiaries have confirmed they shall continue to support the company to facilitate its ability to continue trading as a going concern for the foreseeable future.

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

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: 21 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 SURVEY & GEOENGINEERING LIMITED**

We have audited the financial statements of Senergy Survey & Geoengineering Limited for the year ended 31 May 2012, set out on pages 6 to 15. 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 SURVEY & GEOENGINEERING 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:

21 February 2013

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

	Note	2012 £	2011 £
TURNOVER	1,2	2,826,241	873,114
Cost of sales		<u>(1,235,244)</u>	<u>(492,264)</u>
GROSS PROFIT		1,590,997	380,850
Administrative expenses		<u>(225,249)</u>	<u>(17,402)</u>
OPERATING PROFIT	3	1,365,748	363,448
Interest payable and similar charges	7	<u>(149,484)</u>	<u>(223,353)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,216,264	140,095
Tax on profit on ordinary activities	9	<u>(312,928)</u>	<u>(37,973)</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u><u>903,336</u></u>	<u><u>102,122</u></u>

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 15 form part of these financial statements.

**BALANCE SHEET
AS AT 31 MAY 2012**

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	10		4,620		6,043
Investments	11		11,011,473		11,011,473
			<u>11,016,093</u>		<u>11,017,516</u>
CURRENT ASSETS					
Debtors	12	1,839,924		612,446	
Cash at bank		105,331		-	
		<u>1,945,255</u>		<u>612,446</u>	
CREDITORS: amounts falling due within one year	13	(11,911,571)		(9,433,312)	
NET CURRENT LIABILITIES			<u>(9,966,316)</u>		<u>(8,820,866)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,049,777</u>		<u>2,196,650</u>
CREDITORS: amounts falling due after more than one year	14		-		(2,050,209)
NET ASSETS			<u><u>1,049,777</u></u>		<u><u>146,441</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		1		1
Profit and loss account	16		1,049,776		146,440
SHAREHOLDERS' FUNDS	17		<u><u>1,049,777</u></u>		<u><u>146,441</u></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 15 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

At 31 May 2012 the company has net current liabilities of £9,966,316. Included within these liabilities are amounts due to the immediate parent company and fellow subsidiaries of £9,568,978. The financial statements are prepared on a going concern basis, which assumes that the company will continue to meet its liabilities as they fall due. The ultimate parent company and its subsidiaries have confirmed they shall not seek repayment of amounts due to the detriment of other creditors. Furthermore the ultimate parent company and its subsidiaries have confirmed they shall continue to support the company to facilitate its ability to continue trading as a going concern for the foreseeable future.

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:

Computer equipment	-	5 years straight line
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1.5 Investments

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

1.6 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.

1.7 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**
1. ACCOUNTING POLICIES (continued)
1.8 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.

1.9 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.

3. OPERATING PROFIT

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

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	1,423	1,067
Difference on foreign exchange	(736)	-
	<u> </u>	<u> </u>

4. AUDITORS' REMUNERATION

	2012 £	2011 £
Fees payable to the company's auditor for the audit of the company's annual accounts	6,000	5,000
	<u> </u>	<u> </u>

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

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

In 2011 there were no staff costs or employee numbers as all wages costs were recharged from Senergy group companies.

Staff costs, including directors' remuneration, were as follows:

	2012 £	2011 £
Wages and salaries	1,073,394	-
Social security costs	132,600	-
Other pension costs	13,152	-
	<u>1,219,146</u>	<u>-</u>

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

	2012 No.	2011 No.
Technical	14	0
Management and Administration	5	0
	<u>19</u>	<u>0</u>

6. DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments including benefits in kind	<u>148,704</u>	<u>-</u>
Pension contributions	<u>13,152</u>	<u>-</u>

During the year retirement benefits were accruing to 1 director (2011 - NIL) in respect of defined contribution pension schemes.

The remaining 2 directors were 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.

Contributions have been made to a defined contribution pension scheme by other group companies totalling £38,150 on behalf of 2 directors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**
7. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and swaps	<u>149,484</u>	<u>223,353</u>

8. INTEREST RATE SWAP

During the year the company participated in an interest rate swap of £2.5m bearing interest of 3.1% per annum payable on a quarterly basis.

9. TAXATION

	2012 £	2011 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	2,069	-
Adjustments in respect of prior periods	-	236
	<u>2,069</u>	<u>236</u>
Group taxation relief	310,859	38,052
	<u>312,928</u>	<u>38,288</u>
Group relief in respect of prior periods	-	(315)
	<u>312,928</u>	<u>37,973</u>
Tax credit on loss on ordinary activities		
	<u>312,928</u>	<u>37,973</u>

Factors affecting tax charge for the year

The tax charge assessed for the year is not materially different (2011- not materially different) from that expected at the standard rate of corporation tax in the UK of 27.67% (2011 - 27.67%).

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

	Computer equipment £
Cost	
At 1 June 2011 and 31 May 2012	7,110
Depreciation	
At 1 June 2011	1,067
Charge for the year	1,423
At 31 May 2012	2,490
Net book value	
At 31 May 2012	4,620
At 31 May 2011	6,043

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 June 2011 and 31 May 2012	11,011,473
Net book value	
At 31 May 2012	11,011,473
At 31 May 2011	11,011,473

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Floyd and Associates Holdings Limited	Ordinary	100%
Floyd and Associates Limited	Ordinary	100%
ISIS Energy Limited	Ordinary	100%

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

	2012 £	2011 £
Trade debtors	385,542	146,049
Amounts owed by group undertakings	783,599	348,398
Other debtors	248	2,520
Prepayments and accrued income	670,535	115,479
	<u>1,839,924</u>	<u>612,446</u>

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

	2012 £	2011 £
Bank loans and overdrafts	2,050,206	1,788,915
Trade creditors	88,298	1,606
Amounts owed to group undertakings	9,568,978	7,618,874
Corporation tax	2,069	2,520
Social security and other taxes	43,810	16,397
Accruals and deferred income	158,210	5,000
	<u>11,911,571</u>	<u>9,433,312</u>

**14. CREDITORS:
Amounts falling due after more than one year**

	2012 £	2011 £
Bank loans	<u>-</u>	<u>2,050,209</u>

The bank loan consists of:

1. Revolving Credit Facility 'B' is repayable in 12 quarterly installments, commencing 31 August 2010. Loan interest is variable at a margin above LIBOR.

2. Revolving Credit Facility 'C' is repayable in 18 quarterly installments, commencing 28 February 2009. Loan interest is variable at a margin above LIBOR.

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

	2012 £	2011 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

16. RESERVES

	Profit and loss account £
At 1 June 2011	146,440
Profit for the year	903,336
At 31 May 2012	1,049,776

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	146,441	44,319
Profit for the year	903,336	102,122
Closing shareholders' funds	1,049,777	146,441

18. 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).

19. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £13,152 (2011 - £nil). Contributions totalling £nil (2011 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

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

20. 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.

21. ULTIMATE PARENT COMPANY

The immediate parent company is Senergy Holdings 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.

**The following statement does not form part of the
audited statutory financial statements of the company**

**TRADING ACCOUNT
FOR THE YEAR ENDED 31 MAY 2012**

	2012 £	2011 £
Turnover	2,826,241	873,114
Cost of sales	(1,235,244)	(492,264)
GROSS PROFIT	1,590,997	380,850
Overheads		
Wages and salaries	172,309	-
Printing, postage and stationery	3,845	286
Computer costs	-	1,552
Advertising and promotion	-	120
Professional fees	24,388	12,720
Bank charges	262	96
Interest payable	149,484	223,353
Depreciation - computer equipment	1,423	1,067
Hotels, travel and subsistence	6,924	1,355
Trade subscriptions	150	150
Sundry expenses	3,876	56
Rent	2,099	-
Repairs and maintenance	9,627	-
Gain on foreign exchange	(736)	-
Insurance	1,082	-
	374,733	240,755
NET OPERATING PROFIT FOR THE YEAR	1,216,264	140,095