Company Registration No. SC271146

Seven Energy (UK) Limited
(formerly Seven Energy Limited)

Report and Financial Statements

31 December 2008

Seven Energy (UK) Limited
(formerly Seven Energy Limited)

Report and financial statements 2008

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Seven Energy (UK) Limited
(formerly Seven Energy Limited)

Report and financial statements 2008

Officers and professional advisers

Directors

K A Aluko
P I Ihenacho
J M M Sutherland

Secretary

HMS Secretaries Limited (to 14 September 2009)
C C A Thomas (from 14 September 2009)

Registered Office

The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE (to 14 September 2009)

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9AG (from 14 September 2009)

Auditors

Deloitte LLP
Chartered Accountants
2 New Street Square
London
EC4A 3BZ

Seven Energy (UK) Limited
(formerly Seven Energy Limited)

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The Company's principal activity is the provision of technical support services to the oil and gas industry. The focus of the Company's activities is on the application of technology to optimise the development of onshore fields.

Business review

On 31 October 2007 the Company was acquired ("the acquisition") from Weatherford Holdings UK, a subsidiary of Weatherford International Limited ("Weatherford"), by Exoro Energy International Limited ("Exoro"), a company incorporated in Mauritius. Prior to the acquisition the Company provided services to fellow subsidiaries of Weatherford and since the acquisition the Company has provided services to companies in the Exoro group.

As service companies within the Exoro group it is the objective of the Company and its subsidiary, Septa Energy US Limited, to trade profitably through making appropriate charges for the skills and expertise of their directors and staff.

In 2008 the turnover of the Company increased to £2.6m (2007: £1.8m) and its profit before tax increased to £57,000 (2007: £39,000 loss). These increases were principally due to increased activity within the Exoro group.

The future progress of the Company will be governed principally by the ability of Exoro to expand its business. The directors and staff of the Company are actively involved in the pursuit of business development opportunities for Exoro. On 26 May 2009 Exoro completed the acquisition of Gulf of Guinea Energy Limited, a company with an interest in the undeveloped Uquo field in Nigeria. The development of the Uquo field is already underway. A number of further interesting opportunities are currently under review and the directors are confident that demand within the Exoro group for the services provided by the Company will grow over the next few years. This growth should allow the Company to continue to trade profitably.

Financial risk management

As a wholly-owned subsidiary of Exoro, the Company is not exposed to the majority of credit risks. The Company relies on a letter of financial support from its parent company, Exoro, for the provision of working capital to support current operations and planned expansion. The Company provides services within the Exoro group and, consequently, the Company's debtors are mostly within the Exoro group of companies. Non-group cash and working capital balance are kept to a minimum.

The Company incurs expenditures principally in Sterling and in US dollars and has an exposure to foreign exchange risk on US dollar expenditures. This risk is mitigated by the ability of the Company to recharge these costs in the original currency.

Results

The profit for the year, after taxation, amounted to £37,000 (2007: £69,000 loss). The profit for the year will be transferred to reserves. No dividends have been declared in respect of 2008 (2007: nil).

Directors' report (continued)

Going concern

The Company and its subsidiary provide technical and administrative services to its associated companies. As such, the Company is dependent on its parent, Exoro Energy International Limited for funding. Ultimately, the going concern status of the Company is dependent on the results of the oil and gas exploration activities of the wider group.

Exoro Energy International Limited have provided a letter of support, confirming that they will make funds available to the Company to meet its liabilities as they fall due for a period of at least one year from the signing of these accounts. The directors of the company are part of the management of the parent company and are satisfied that it is appropriate for the company to place reliance on this letter. Accordingly, after making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served during the year were

S H Aitken	(resigned 11 May 2009)
K A Aluko	
P I Ihenacho	
J M M Sutherland	(appointed 11 May 2009)

None of the directors at the year end have any interests required to be disclosed under Section 2 of Schedule 7 to the Companies Act 1985.

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

J M M Sutherland
Director

30th October 2009

Seven Energy (UK) Limited
(formerly Seven Energy Limited)

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements 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 members of Seven Energy (UK) Limited (formerly Seven Energy Limited)

We have audited the consolidated financial statements of Seven Energy (UK) Limited (formerly Seven Energy Limited) for the year ended 31 December 2008 which comprise the consolidated profit and loss account, the consolidated statement of recognised gains and losses, the consolidated and company balance sheets, the consolidated cashflow statement and the related notes 1 to 19. These financial statements have been prepared under 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements 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 the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other transactions is not disclosed.

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

Basis of audit 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company and group'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 financial statements 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 financial statements.

Independent auditors' report to the members of Seven Energy (UK) Limited (formerly Seven Energy Limited) (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and group's affairs as at 31 December 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

30th October 2009

Seven Energy (UK) Limited
(formerly Seven Energy Limited)

Consolidated profit and loss account
Year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Turnover	1	2,636	1,763
Cost of sales		(2,527)	(1,679)
Gross profit		109	84
Administrative expenses		(47)	(131)
Depreciation expenses		(6)	-
Operating profit/(loss)	2	56	(47)
Interest receivable	5	1	98
Interest payable	6	-	(90)
Profit/(loss) on ordinary activities before taxation		57	(39)
Tax on profit/(loss) on ordinary activities	7	(20)	(30)
Profit on ordinary activities after taxation	13	37	(69)

All results relate to continuing operations in both years.

Seven Energy (UK) Limited
(formerly Seven Energy Limited)

Consolidated statement of recognised gains and losses
Year ended 31 December 2008

	2008 £'000	2007 £'000
Profit/(loss) for the financial year	37	(69)
Currency translation difference on foreign currency net investments	(52)	-
Total gains and losses recognised since last annual report and financial statements	(15)	(69)

Seven Energy (UK) Limited
(formerly Seven Energy Limited)

Consolidated balance sheet
31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	9	34	-
Current assets			
Debtors	10	6,277	842
Cash		513	-
		6,790	842
Creditors: amounts falling due within one year	11	(1,119)	(690)
Net current assets		5,671	152
Total assets less current liabilities		5,705	152
Creditors: amounts falling due after more than one year			
Long term payables – amounts owed to other EEIL group companies	11	(5,568)	-
Net assets		137	152
Capital and reserves			
Called up share capital	12		
Capital contribution	13	-	-
Currency translation reserve	13	143	143
Profit and loss account	13	(52)	-
		46	9
Total Shareholders' funds	14	137	152

Company number SC271146

These financial statements were approved by the Board of Directors on 30th October 2009.

Signed on behalf of the Board of Directors

J M M Sutherland
Director

Seven Energy (UK) Limited
(formerly Seven Energy Limited)

Company balance sheet
31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Investment in subsidiary	18	1	1
Tangible assets	9	7	-
		8	1
Current assets			
Debtors	10	3,183	840
Cash		222	-
		3,405	840
Creditors: amounts falling due within one year	11	(1,029)	(553)
Net current assets		2,376	288
Total assets less current liabilities		2,384	288
Creditors: amounts falling due after more than one year			
Long term payables – amounts owed to other EEIL group companies	11	(2,058)	-
Net assets		326	288
Capital and reserves			
Called up share capital	12	-	-
Capital contribution	13	143	143
Profit and loss account	13	183	145
Total shareholders' funds		326	288

Company number SC271146

These financial statements were approved by the Board of Directors on 30th October 2009.

Signed on behalf of the Board of Directors

J M M Sutherland
Director

Seven Energy (UK) Limited
(formerly Seven Energy Limited)

Consolidated cash flow statement
Year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Net cash outflow from operating activities	15	(5,016)	-
Returns on investments and servicing of finance		1	-
Capital expenditure		(41)	-
Cash outflow before management of liquid resources and financing		**(5,056)**	-
Financing by parent		5,569	-
Increase in cash in the year, being cash at year end		**513**	-

All of the group's transactions during 2007, were paid for by its ultimate parent company or an affiliated entity.

Seven Energy (UK) Limited
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Notes to the accounts
Year ended 31 December 2008

1. Accounting policies

Basis of accounting and going concern

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. The company is dependent on financial support from its ultimate parent company and has adopted the going concern basis of accounting based on a letter from Exoro confirming that such support will be available for not less than 12 months from the date of approval of these financial statements. Further details of this are provided in the Going concern section of the Directors Report.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Investments

Within the Company balance sheet, investments are shown at cost less provision for impairment.

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 using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Turnover

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

Turnover is the total amount receivable by the company in the ordinary course of business and excludes sales taxes and trade discounts.

Turnover is attributable to provision of human resource and logistical support specific to the oil and gas industry and is recognized at the point of delivery of the service.

In the opinion of the directors, it would be prejudicial to the company to disclose a geographical analysis.

1. **Accounting policies (continued)**

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. The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its useful life as follows:

Fixtures and fittings	5 years
Computer equipment	3 years

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

2. **Operating profit/(loss)**

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

	2008 £'000	2007 £'000
Foreign exchange loss/(gain)	30	(4)
Depreciation	6	-
Operating leases – land and buildings	392	80
Auditor's remuneration – fees payable to the Company's auditor for the audit of the Company's annual accounts	15	20

Notes to the accounts
Year ended 31 December 2008

3. Staff costs

	Group 2008 £'000	Group 2007 £'000
Wages and salary costs	841	1,254
Social security costs	204	160
Pension Costs	42	46
	1,087	1,460

	Company 2008 £'000	Company 2007 £'000
Wages and salary costs	553	1,173
Social security costs	180	160
Pension Costs	34	46
	767	1,286

The average number of staff (including executive directors) in 2008 (2007: the period after the acquisition) was as follows:

	Group 2008	Group 2007
Technical	3	3
Accounting and administration	6	4
Total	9	7

4. Directors' remuneration

Until the acquisition the directors of the company were employed by a fellow group company of the Company's immediate parent company, Weatherford UK Limited, in which they were not directors. Since the acquisition by SEIL, one executive director has been employed by the Company. Directors' remuneration was as follows:

	2008 £'000	2007 £'000
Emoluments	545	240
Company contribution to money purchase pension schemes	8	2
Sums paid to former group companies in respect of directors' services	-	173
	553	415

4. Directors' remuneration (continued)

In addition to the amounts noted above, there were share based compensation awards to the directors of £nil in the year (2007: £nil).

The remuneration of the highest paid director in the year was £553,000 which comprised a bonus of £285,000, other emoluments of £260,000 and Company contributions to a money purchase pension scheme of £8,000.

One of the executive directors who served during the year was a member of the money purchase pension scheme.

5. Interest receivable

	2008 £'000	2007 £'000
Intercompany interest	1	98

6. Interest payable

	2008 £'000	2007 £'000
Intercompany interest	-	90

7. Taxation on profit/(loss) on ordinary activities

	2008 £'000	2007 £'000
Analysis of tax charge in the year current tax		
UK corporation tax charge on profits for the year	16	30
Adjustments in respect of prior periods	2	-
Total current tax	18	30
Deferred tax		
Origination and reversal of timing differences	2	-
Tax on profit/(loss) on ordinary activities	20	30

Notes to the accounts
Year ended 31 December 2008

7. **Taxation on profit / (loss) on ordinary activities (continued)**

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 28.5% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit (loss) on ordinary activities before tax	57	(39)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	16	(12)
Effects of:		
Expenses not deductible for tax purposes	3	-
Fixed asset timing differences	(2)	-
Adjustments to tax charge in respect of prior periods	2	-
Losses carried forward not utilised	-	49
Effect of different tax rates	-	(7)
Effect of marginal relief	(1)	-
Current tax charge for the year (see note above)	18	30

With effect from 1 April 2008, the main rate of UK corporation tax has reduced to 28%.

Deferred tax

There is an unrecognised deferred tax asset in respect of US losses of $274,000 (2007: $274,000). These have not been recognised due to the uncertainty over future profits.

8. **Profit attributable to the company**

The profit for the financial year dealt with in the financial statements of the parent company was £38,000. (2007: £69,000 loss). As permitted by section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

Seven Energy (UK) Limited
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Notes to the accounts
Year ended 31 December 2008

9. Tangible fixed assets

Group	2008 £'000
Cost or valuation	
At 1 January 2008	-
Additions	41
At 31 December 2008	41
Depreciation	
At 1 January 2008	-
Charge for the year	(5)
Exchange adjustment	(2)
At 31 December 2008	(7)
Net book value at 31 December 2008	34

Company	2008 £'000
Cost or valuation	
At 1 January 2008	-
Additions	8
At 31 December 2008	8
Depreciation	
At 1 January 2008	-
Charge for the year	(1)
At 31 December 2008	(1)
Net book value at 31 December 2008	7

10. Debtors

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Amounts owed by associated undertakings	6,084	825	3,007	825
Deferred tax asset	-	1	-	1
Prepayments	60	-	49	-
Other debtors	133	16	127	14
	6,277	842	3,183	840

Notes to the accounts
Year ended 31 December 2008

11. Creditors: amounts falling due within one year

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Amounts owed to other Exoro group companies	210	12	234	6
Corporation tax	50	32	50	32
Other creditors	17	26	1	26
Deferred tax	1	-	1	-
Accruals and deferred income	841	620	743	489
	1,119	690	1,029	553

Creditors: amounts falling due after one year

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Amounts owed to Exoro	4,579	-	1,152	-
Amounts owed to other Exoro group companies	989		906	
	5,568	-	2,058	-

The Group's and Company's long term intercompany loans are not interest bearing and no date has been set for the settlement of these intercompany liabilities.

12. Share capital

	2008 £	2007 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares share of £1 each	100	100

Notes to the accounts
Year ended 31 December 2008

13. Reserves

Group	Capital contribution account £'000	Currency translation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2008	143	-	9	152
Profit for financial year	-	-	37	37
Exchange differences	-	(52)	-	(52)
At 31 December 2008	143	(52)	46	137

Company	Capital contribution account £'000	Currency Translation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2008	143	-	145	288
Profit for financial year	-	-	38	38
At 31 December 2008	143	-	183	326

14. Reconciliation of movement in consolidated shareholders' funds

Group	2008 £'000	2007 £'000
Profit for the financial year	37	(69)
Other recognised gains and losses relating to the year (net)	(52)	-
Capital contribution	-	143
Net (deductions from)/additions to shareholders' funds	(15)	74
Opening shareholders' funds	152	78
Closing shareholders' funds	137	152

Seven Energy (UK) Limited
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Notes to the accounts
Year ended 31 December 2008

15. Reconciliation of operating profit/(loss) to operating cash flows

	2008 £'000	2007 £'000
Operating profit (loss)	56	(47)
Depreciation expense	7	-
Increase in debtors	(5,427)	(1,406)
Decrease in creditors	348	1,453
Net cash outflow from operating activities	(5,016)	-

16. Related party transactions

Transactions with the Directors of the company are disclosed in Note 4.

During 2008, the company made sales of £2,178,000 and the group made sales of £2,636,000 to Seven Energy Canada (Inc.) and Septa Nigeria Limited, associated undertakings.

During 2007, the company made sales of £940,000 to Seven Energy LLC, an associated undertaking prior to *the acquisition. Post acquisition, the company* made sales of £2,635,000 (2007 £823,000) to Seven Energy (Canada) Inc. and Septa Nigeria Limited, associated undertakings. The company also obtained a capital contribution of £143,000 from its parent company in 2007 prior to the acquisition by Exoro Energy International Limited.

Amounts owing by and to associated undertakings are disclosed in notes 10 and 11.

17. Ultimate parent company

The Company's immediate and ultimate parent company is Exoro Energy International Limited, a company registered in Mauritius. Consolidated financial statements (which are not publicly available) are prepared. This forms the smallest and largest group of which the company is a member.

18. Investment in subsidiary

On 28 November 2007 the Company incorporated a subsidiary, Septa Energy US Limited, a company registered in the United States, also engaged in the provision of technical support services to the SEIL group. The company owns 100% of the $1,000 issued share capital of its subsidiary at the balance sheet date and has no other investments.

19. Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings	
	2008	**2007**
	£'000	**£'000**
Group		
Expiry date		
- Within one year	258	12
- Between two and five years	166	-
- After five years	-	-
	424	12
Company		
Expiry date		
- Within one year	213	12
- Between two and five years	8	-
- After five years	-	-
	221	12