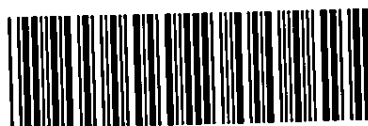


$A^2 + B^{\circ}$ **SENERGY (GB) LIMITED****DIRECTORS' REPORT AND FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2011**

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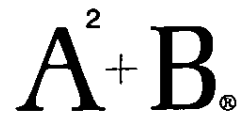
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#172

COMPANIES HOUSE

SENERGY (GB) LIMITED

COMPANY INFORMATION



DIRECTORS

N M Campbell
J McCallum
N H Allen (resigned 20 September 2010)
K T Black (resigned 20 September 2010)
F C Whitehead (resigned 20 September 2010)
D Reed (resigned 20 September 2010)

COMPANY SECRETARY

N M Campbell

COMPANY NUMBER

SC125513

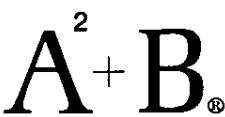
REGISTERED OFFICE

15 Bon Accord Crescent
Aberdeen
AB11 6DE

AUDITORS

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

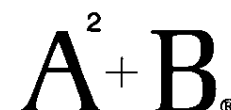
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Directors' responsibilities statement	3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 16

SENERGY (GB) LIMITED

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 engineering and consultancy services to the oil and gas industry.

BUSINESS REVIEW

The company has had a successful trading year in all its activities with growth being driven by the successful positioning of the company's services in the market and activity levels in the Oil & Gas sector in general. The majority of revenue relates to work performed in the UK.

The company has a strengthening working capital and net assets position including being cash positive.

The company continues to invest in all areas of its operations in the UK. The directors are confident for the future prospects for the company and the continued organic and prospective acquisitive growth this entails.

The directors consider the key financial performance indicators to be turnover and operating profit.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5,547,636 (2010 - £6,726,953).

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

DIRECTORS

The directors who served during the year were:

N M Campbell

J McCallum

N H Allen (resigned 20 September 2010)

K T Black (resigned 20 September 2010)

F C Whitehead (resigned 20 September 2010)

D Reed (resigned 20 September 2010)

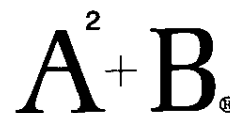
PRINCIPAL RISKS AND UNCERTAINTIES

As the business grows it 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.

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. The directors, therefore, 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 basis of accounting in preparing the annual financial statements.

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



EMPLOYEES

The business has been supported by growth in employee numbers and the continued 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.

AUDITORS

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

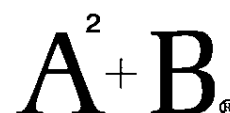
This report was approved by the board and signed on its behalf.

.....

N M Campbell
Director

Date: 14th March 2012

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



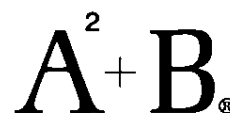
The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

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 (GB) LIMITED**



We have audited the financial statements of Senergy (GB) Limited for the year ended 31 May 2011, set out on pages 6 to 16. 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.

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.

SENERGY (GB) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SENERGY (GB) LIMITED

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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:

14 March 2012

SENERGY (GB) LIMITED

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

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	Note	2011 £	2010 £
TURNOVER	1,2	42,461,437	39,912,888
Cost of sales		<u>(29,441,272)</u>	<u>(23,256,116)</u>
GROSS PROFIT		13,020,165	16,656,772
Administrative expenses		<u>(5,478,339)</u>	<u>(7,260,065)</u>
OPERATING PROFIT	3	7,541,826	9,396,707
Interest receivable and similar income		49,690	(113)
Interest payable and similar charges	7	<u>(2,530)</u>	<u>(32)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		7,588,986	9,396,562
Tax on profit on ordinary activities	8	<u>(2,041,350)</u>	<u>(2,669,609)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>5,547,636</u></u>	<u><u>6,726,953</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account.

The notes on pages 8 to 16 form part of these financial statements.

**BALANCE SHEET
AS AT 31 MAY 2011**

A²+B[®]

	Note	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	9		1,323,975		1,373,964
Investments	10		2,527		2,527
			<u>1,326,502</u>		<u>1,376,491</u>
CURRENT ASSETS					
Debtors	11	35,399,229		27,848,955	
Cash at bank and in hand		3,508,642		25,388	
		<u>38,907,871</u>		<u>27,874,343</u>	
CREDITORS: amounts falling due within one year	12	(17,651,701)		(12,215,798)	
NET CURRENT ASSETS			<u>21,256,170</u>		<u>15,658,545</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>22,582,672</u>		<u>17,035,036</u>
CAPITAL AND RESERVES					
Called up share capital	14		19,469		19,469
Share premium account	15		62,014		62,014
Capital redemption reserve			10,238		10,238
Profit and loss account	15		22,490,951		16,943,315
SHAREHOLDERS' FUNDS			<u>22,582,672</u>		<u>17,035,036</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: 14 March 2012.

The notes on pages 8 to 16 form part of these financial statements.

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 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.

1.3 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:

Freehold land & buildings	-	2% straight line
Fixtures & fittings	-	25% straight line
Computer equipment	-	33% straight line

1.4 Investments

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

1.5 Turnover

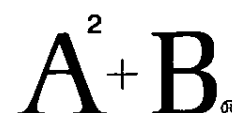
Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.6 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**1. ACCOUNTING POLICIES (continued)****1.7 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.

1.8 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.

1.9 Taxation

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.

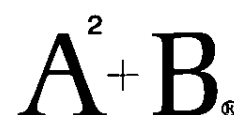
2. TURNOVER

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

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

	2011 £	2010 £
Depreciation of tangible fixed assets:		
- owned by the company	188,536	283,522
Operating lease rentals:		
- other	2,374	3,302
- land and buildings	202,211	117,123
Difference on foreign exchange	(110,343)	(59,102)
(Gain)/ loss on sale of tangible fixed assets	(12)	12,735

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

4. AUDITORS' REMUNERATION

	2011 £	2010 £
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>22,500</u>	<u>27,000</u>

5. STAFF COSTS

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

	2011 £	2010 £
Wages and salaries	12,833,897	12,443,602
Social security costs	1,473,530	1,336,110
Other pension costs	948,048	970,597
	<u>15,255,475</u>	<u>14,750,309</u>

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

	2011 No.	2010 No.
Management	18	11
Consultants	145	148
Administration	29	11
	<u>192</u>	<u>170</u>

6. DIRECTORS' REMUNERATION

	2011 £	2010 £
Remuneration (including benefits in kind)	<u>-</u>	<u>227,302</u>
Company pension contributions to defined contribution pension schemes	<u>-</u>	<u>39,321</u>

During the year retirement benefits were accruing to no directors (2010 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £NIL (2010 - £125,799).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2010 - £12,558).

Directors of Senergy (GB) Limited are remunerated through other Senergy Group companies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011A²+B[®]

7. INTEREST PAYABLE

	2011 £	2010 £
Bank interest payable	2,530	32

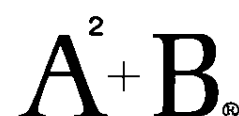
8. TAXATION

	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	-	2,536,717
Adjustments in respect of prior periods	(1,049,786)	539,220
	(1,049,786)	3,075,937
Group taxation relief - current year	1,879,960	138,265
Group taxation relief - prior year	1,033,266	(539,220)
	1,863,440	2,674,982
Foreign tax on income for the year	144,885	-
Total current tax	2,008,325	2,674,982
Deferred tax (see note 13)		
Transfer from deferred taxation	33,025	(5,373)
Tax on profit on ordinary activities	2,041,350	2,669,609

8. TAXATION (continued)**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 on ordinary activities before tax	7,588,986	9,396,562
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27.67% (2010 - 28%)	2,099,872	2,631,037
Effects of:		
Expenses not deductible for tax purposes	3,864	34,419
Depreciation in excess of capital allowances	(14,295)	23,819
Adjustments to tax charge in respect of prior periods	(16,520)	-
Non-taxable income	(220,749)	-
Foreign tax credits	144,885	-
Group relief claimed before payment	(1,857,518)	(134,112)
Payment for group relief	1,879,960	138,265
Other short term timing differences	(11,174)	(18,446)
Current tax charge for the year (see note above)	2,008,325	2,674,982

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

9. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures & fittings £	Computer equipment £	Other fixed assets £	Total £
Cost					
At 1 June 2010	1,148,316	348,802	990,353	9,836	2,497,307
Additions	-	4,831	132,286	1,430	138,547
Disposals	-	-	-	(530)	(530)
At 31 May 2011	1,148,316	353,633	1,122,639	10,736	2,635,324
Depreciation					
At 1 June 2010	135,858	162,680	823,194	1,611	1,123,343
Charge for the year	24,533	61,987	97,925	4,091	188,536
On disposals	-	-	-	(530)	(530)
At 31 May 2011	160,391	224,667	921,119	5,172	1,311,349
Net book value					
At 31 May 2011	987,925	128,966	201,520	5,564	1,323,975
At 31 May 2010	1,012,458	186,122	167,159	8,225	1,373,964

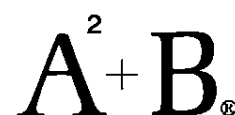
10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 June 2010 and 31 May 2011	2,527
Net book value	
At 31 May 2011	2,527
At 31 May 2010	2,527

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Interactive Petrophysics Limited	Ordinary	100 %
Ternan Limited	Ordinary	100 %
Production Geoscience Limited	Ordinary	100 %

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**10. FIXED ASSET INVESTMENTS (continued)**

The aggregate of the share capital and reserves as at 31 May 2011 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Interactive Petrophysics Limited	5,217	-
Ternan Limited	118,151	(60,121)
Production Geoscience Limited	1	-
	<u> </u>	<u> </u>

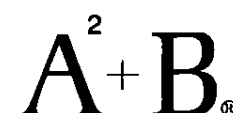
11. DEBTORS

	2011 £	2010 £
Trade debtors	7,336,116	8,909,459
Amounts owed by group undertakings	19,716,852	15,785,346
Other debtors	1,060,940	165,207
Prepayments and accrued income	7,258,691	2,932,228
Tax recoverable	2,937	-
Deferred tax asset (see note 13)	23,693	56,715
	<u>35,399,229</u>	<u>27,848,955</u>

12. CREDITORS:

Amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	1,927,555	1,421,931
Trade creditors	925,042	1,206,742
Amounts owed to group undertakings	7,470,727	1,294,790
Corporation tax	1,807,067	2,614,469
Social security and other taxes	665,034	1,146,821
Other creditors	1,137,515	132,768
Accruals and deferred income	3,718,761	4,398,277
	<u>17,651,701</u>	<u>12,215,798</u>

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

13. DEFERRED TAX ASSET

	2011 £	2010 £
At beginning of year	56,718	51,342
(Charge for)/released during year	(33,025)	5,373
At end of year	<u>23,693</u>	<u>56,715</u>

The deferred tax asset is made up as follows:

	2011 £	2010 £
Accelerated capital allowances	9,135	29,727
Short term timing differences	14,558	26,988
	<u>23,693</u>	<u>56,715</u>

14. SHARE CAPITAL

	2011 £	2010 £
Allotted, called up and fully paid		
194,690 Ordinary shares of £0.10 each	<u>19,469</u>	<u>19,469</u>

15. RESERVES

	Share premium account £	Profit and loss account £
At 1 June 2010	62,014	16,943,315
Profit for the year		5,547,636
At 31 May 2011	<u>62,014</u>	<u>22,490,951</u>

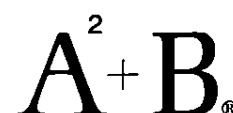
16. CONTINGENT LIABILITIES

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 2011 the total contingent liability in respect of this guarantee was £13,080,359 (2010 - £12,107,644).

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

17. PENSION COSTS

During the year the company contributed £930,151 (2010 - £970,461) to a defined contribution pension

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2011**17. PENSION COSTS (continued)**

scheme on behalf of employees. At 31 May 2011 there were unpaid pension contributions amounting to £38,098 (2010 - £209,534).

18. OTHER FINANCIAL COMMITMENTS

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

	Land and buildings			Other
	2011	2010	2011	2010
	£	£	£	£
Expiry date:				
Within 1 year	-	45,067	-	-
Between 2 and 5 years	119,867	55,420	-	3,303

19. 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.

The company had transactions during the year with Frank Whitehead, director, amounting to £529,429. The balance at the year end was a creditor of £529,429.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Senergy Oil & Gas 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 its registered office at 15 Bon Accord Crescent, Aberdeen.