

Company Registration No. 3838151 (England and Wales)

LAMBERT ENERGY ADVISORY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006



LAMBERT ENERGY ADVISORY LIMITED

COMPANY INFORMATION

Directors	P S Lambert J R West Lord James Hugh Rockley T I Sandvold O Soyer
Secretary	Susan Byfield
Company number	3838151
Registered office	17 Hill Street, London W1J 5LJ
Auditors	The Gallagher Partnership LLP 69/85 Tabernacle Street London EC2A 4RR
Business address	17 Hill Street, London W1J 5LJ
Solicitors	Freshfields Bruckhaus Deringer 65 Fleet Street London EC4Y 1HS

LAMBERT ENERGY ADVISORY LIMITED

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LAMBERT ENERGY ADVISORY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006.

Principal activities and review of the business

The principal activity of the company is the provision of corporate finance advice to the energy industry. The company is authorised and regulated by the Financial Services Authority.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 January 2006:

P S Lambert
J R West
Lord James Hugh Rockley
T I Sandvold
O Soyer

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 1p each	
	31 December 2006	1 January 2006
P S Lambert	75,001	75,001
J R West	-	-
Lord James Hugh Rockley	-	-
T I Sandvold	-	-
O Soyer	-	-

Mr Lambert is a trustee of Lambert Family Trust, which beneficially owns 15,000 ordinary shares of 1p each. Lord James Hugh Rockley was granted an option on the 28 January 2000 to purchase 2,040 ordinary shares of 1p each at an exercise price of 1p. Mr Onursal Soyer has an option to purchase 8,000 ordinary shares of 1p each at an exercise price of £17.50.

Auditors

The Gallagher Partnership LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

LAMBERT ENERGY ADVISORY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

Directors' responsibilities

Company law requires the directors to prepare financial statements 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 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 accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

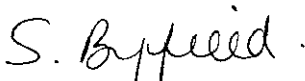
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Susan Byfield

Secretary

7 March 2007

LAMBERT ENERGY ADVISORY LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LAMBERT ENERGY ADVISORY LIMITED

We have audited the financial statements of LAMBERT ENERGY ADVISORY LIMITED for the year ended 31 December 2006 set out on pages 5 to 16. 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 the directors and auditors

The directors' responsibilities for preparing 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 if, in our opinion, the directors' report is not consistent with the financial statements, of the company.

In addition we report to you if, 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 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 judgements made by the directors in the preparation of the financial statements, 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 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.

LAMBERT ENERGY ADVISORY LIMITED

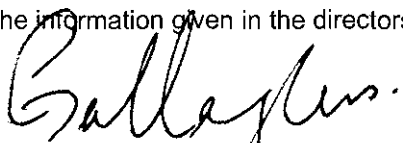
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF LAMBERT ENERGY ADVISORY LIMITED

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 affairs as at 31 December 2006 and of its loss for the year then ended ;
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- the information given in the directors' report is consistent with the financial statements.



The Gallagher Partnership LLP

7 March 2007

Chartered Accountants

Registered Auditor

69/85 Tabernacle Street
London
EC2A 4RR

LAMBERT ENERGY ADVISORY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Turnover	2	5,662,552	4,204,844
Administrative expenses		(5,891,432)	(4,166,606)
Operating (loss)/profit	3	(228,880)	38,238
Other interest receivable and similar income	4	60,127	54,429
(Loss)/profit on ordinary activities before taxation		(168,753)	92,667
Tax on (loss)/profit on ordinary activities	5	25,500	(20,245)
(Loss)/profit for the year	12	(143,253)	72,422

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

LAMBERT ENERGY ADVISORY LIMITED

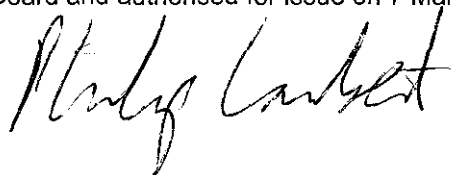
BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	6		24,733		27,103
Current assets					
Debtors	7	868,356		756,438	
Cash at bank and in hand		3,460,006		2,371,492	
		<u>4,328,362</u>		<u>3,127,930</u>	
Creditors: amounts falling due within one year	8	<u>(3,978,956)</u>		<u>(2,637,221)</u>	
Net current assets			349,406		490,709
Total assets less current liabilities			<u>374,139</u>		<u>517,812</u>
Provisions for liabilities	9		-		(420)
			<u>374,139</u>		<u>517,392</u>
Capital and reserves					
Called up share capital	11		1,000		1,000
Share premium account	12		99,900		99,900
Profit and loss account	12		273,239		416,492
Shareholders' funds	13		<u>374,139</u>		<u>517,392</u>

Approved by the Board and authorised for issue on 7 March 2007

P S Lambert
Director



LAMBERT ENERGY ADVISORY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	£	2006 £	£	2005 £
Net cash inflow from operating activities		1,056,694		810,537
Returns on investments and servicing of finance				
Interest received	60,127		54,429	
Net cash inflow for returns on investments and servicing of finance		60,127		54,429
Taxation		(20,850)		(20,223)
Capital expenditure				
Payments to acquire tangible assets	(7,457)		(26,521)	
Net cash outflow for capital expenditure		(7,457)		(26,521)
Net cash inflow before management of liquid resources and financing		1,088,514		818,222
Increase in cash in the year		1,088,514		818,222

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2006		2005	
		£		£	
	Operating (loss)/profit	(228,880)		38,238	
	Depreciation of tangible assets	9,827		7,011	
	(Increase)/decrease in debtors	(68,518)		76,347	
	Increase in creditors within one year	1,344,265		688,941	
	Net cash inflow from operating activities	1,056,694		810,537	
2	Analysis of net funds	1 January 2006	Cash flow	Other non-cash changes	31 December 2006
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,371,492	1,088,514	-	3,460,006
	Net funds	2,371,492	1,088,514	-	3,460,006
3	Reconciliation of net cash flow to movement in net funds	2006		2005	
		£		£	
	Increase in cash in the year		1,088,514		818,222
	Movement in net funds in the year		1,088,514		818,222
	Opening net funds		2,371,492		1,553,270
	Closing net funds		3,460,006		2,371,492

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

A summary of principal accounting policies, all of which have been applied consistently throughout the year and the preceding period, is set out below.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for services provided in the normal course of business. Revenue is recognised in line with accrual accounting based on fees received for services provided during the financial year.

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 less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Over the period of the lease
Fixtures, fittings & equipment	Over 3 years

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.7 Taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

3	Operating (loss)/profit	2006	2005
		£	£
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	9,827	7,011
	Operating lease rentals	140,000	109,674
	Auditors' remuneration	4,260	3,750
	and after crediting:		
	Profit on foreign exchange transactions	-	(810)
		<u> </u>	<u> </u>
4	Investment income	2006	2005
		£	£
	Bank interest	60,127	54,429
		<u> </u>	<u> </u>

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

5	Taxation	2006 £	2005 £
	Domestic current year tax		
	U.K. corporation tax	18,320	20,850
	Adjustment for prior years	-	(5)
	Current tax charge	18,320	20,845
	Deferred tax		
	Deferred tax charge/credit current year	(43,820)	(600)
		(25,500)	20,245
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(168,753)	92,667
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005 - 19.00%)	(32,063)	17,607
	Effects of:		
	Non deductible expenses	49,551	3,557
	Depreciation add back	1,867	1,332
	Capital allowances	(1,038)	(1,718)
	Adjustments to previous periods	-	(5)
	Other tax adjustments	3	72
		50,383	3,238
	Current tax charge	18,320	20,845

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

6 Tangible fixed assets

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2006	5,296	40,458	45,754
Additions	-	7,457	7,457
At 31 December 2006	5,296	47,915	53,211
Depreciation			
At 1 January 2006	796	17,855	18,651
Charge for the year	796	9,031	9,827
At 31 December 2006	1,592	26,886	28,478
Net book value			
At 31 December 2006	3,704	21,029	24,733
At 31 December 2005	4,500	22,603	27,103

7 Debtors

	2006 £	2005 £
Trade debtors	649,702	599,320
Other debtors	41,125	41,125
Prepayments and accrued income	134,129	115,993
Deferred tax asset (see note 9)	43,400	-
	868,356	756,438

Amounts falling due after more than one year and included in the debtors above are:

	2006 £	2005 £
Other debtors	41,125	41,125

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

8	Creditors: amounts falling due within one year	2006 £	2005 £
	Corporation tax	18,320	20,850
	Other taxes and social security costs	128,081	104,673
	Accruals and deferred income	3,832,555	2,511,698
		<u>3,978,956</u>	<u>2,637,221</u>

9 Provisions for liabilities and charges

The deferred tax asset (included in debtors, note 7) is made up as follows:

	2006 £
Balance at 1 January 2006	420
Profit and loss account	(43,820)
Balance at 31 December 2006	<u>(43,400)</u>

	2006 £	2005 £
Accelerated capital allowances	1,600	420
Other timing differences	(45,000)	-
	<u>(43,400)</u>	<u>420</u>

10 Pension costs

Defined contribution

	2006 £	2005 £
Contributions payable by the company for the year	263,393	23,643
Contributions payable to the fund at the year end and included in creditors	<u>(240,000)</u>	<u>-</u>

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

11 Share capital	2006 £	2005 £
Authorised		
100,000,000 Ordinary shares of 1p each	1,000,000	1,000,000
Allotted, called up and fully paid		
100,000 Ordinary shares of 1p each	1,000	1,000

12 Statement of movements on reserves	Share premium account £	Profit and loss account £
Balance at 1 January 2006	99,900	416,492
Loss for the year	-	(143,253)
Balance at 31 December 2006	99,900	273,239

13 Reconciliation of movements in shareholders' funds	2006 £	2005 £
(Loss)/Profit for the financial year	(143,253)	72,422
Opening shareholders' funds	517,392	444,970
Closing shareholders' funds	374,139	517,392

14 Financial commitments

At 31 December 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2007:

	Land and buildings 2006 £	2005 £
Operating leases which expire:		
Between two and five years	140,000	140,000

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

15 Directors' emoluments	2006 £	2005 £
Emoluments for qualifying services	2,491,484	2,012,934
Company pension contributions to money purchase schemes	173,393	21,018
	<u>2,664,877</u>	<u>2,033,952</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	1,581,484	1,226,268
Company pension contributions to money purchase schemes	167,393	17,018
	<u>1,748,877</u>	<u>1,243,286</u>

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2006 Number	2005 Number
Operations & administration	<u>8</u>	<u>7</u>

Employment costs

	2006 £	2005 £
Wages and salaries	3,738,584	2,656,370
Social security costs	468,716	330,915
Other pension costs	263,393	23,643
	<u>4,470,693</u>	<u>3,010,928</u>

17 Control

The ultimate controlling party is Mr P Lambert, an executive director.

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

18 Related party transactions

During the year the company paid £110,000 (2005- £100,000) to PFC Energy Inc., a subsidiary of The Petroleum Finance Company Ltd., a 9.999% shareholder of the company.

The company also paid £703,329 (2005-£518,996) to Sandvold Energy AS, a company registered in Norway and controlled by Tore Sandvold, a non executive director of the company.

These transactions were at arms length relating to costs of general consultancy services provided to the company.