

Company Registration No 3838151 (England and Wales)

LAMBERT ENERGY ADVISORY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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LAMBERT ENERGY ADVISORY LIMITED

COMPANY INFORMATION

Directors	Lord James Hugh Rockley PSO Lambert C J Hue Williams O Soyer J R West A Landia T I Sandvold
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 2007

The directors present their report and financial statements for the year ended 31 December 2007

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

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future

Results and dividends

The results for the year are set out on page 5

Directors

The following directors have held office since 1 January 2007

Lord James Hugh Rockley

PSO Lambert

C J Hue Williams

(Appointed 1 January 2007)

O Soyer

J R West

A Landia

(Appointed 13 February 2007)

T I Sandvold

Charitable donations

2007

2006

£

£

During the year the company made the following payments

Charitable donations

10,400

-

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 2007

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 auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Susan Byfield

Secretary

21 February 2008

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 2007 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

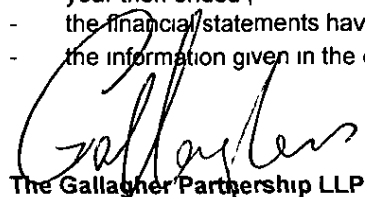
INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 2007 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

Chartered Accountants
Registered Auditor

25 February 2008

69/85 Tabernacle Street
London
EC2A 4RR

LAMBERT ENERGY ADVISORY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Turnover	2	6,732,327	5,662,552
Administrative expenses		(6,923,261)	(5,891,432)
Operating loss	3	(190,934)	(228,880)
Other interest receivable and similar income	4	118,819	60,127
Loss on ordinary activities before taxation		(72,115)	(168,753)
Tax on loss on ordinary activities	5	10,651	25,500
Loss for the year	13	(61,464)	(143,253)

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

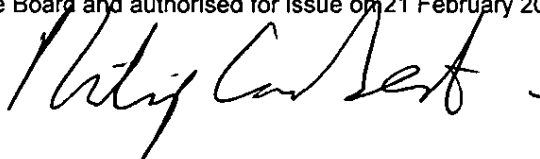
BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	6		16,276		24,733
Current assets					
Debtors	7	773,900		868,356	
Investments	8	3,099,939		-	
Cash at bank and in hand		1,372,232		3,460,006	
		<u>5,246,071</u>		<u>4,328,362</u>	
Creditors: amounts falling due within one year	9	<u>(4,949,672)</u>		<u>(3,978,956)</u>	
Net current assets			<u>296,399</u>		<u>349,406</u>
Total assets less current liabilities			<u>312,675</u>		<u>374,139</u>
			<u>312,675</u>		<u>374,139</u>
Capital and reserves					
Called up share capital	12		1,000		1,000
Share premium account	13		99,900		99,900
Profit and loss account	13		211,775		273,239
Shareholders' funds	14		<u>312,675</u>		<u>374,139</u>

Approved by the Board and authorised for issue on 21 February 2008

PSO Lambert
Director



LAMBERT ENERGY ADVISORY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	£	2007 £	£	2006 £
Net cash inflow from operating activities		911,658		1,056,694
Returns on investments and servicing of finance				
Interest received	118,819		60,127	
Net cash inflow for returns on investments and servicing of finance		118,819		60,127
Taxation		(18,312)		(20,850)
Capital expenditure				
Payments to acquire tangible assets	-		(7,457)	
Net cash (outflow) for capital expenditure		-		(7,457)
Net cash inflow before management of liquid resources and financing		1,012,165		1,088,514
Management of liquid resources				
Current asset investments	(3,099,939)		-	
		(3,099,939)		-
Increase/(decrease) in cash in the year		(2,087,774)		1,088,514

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

1	Reconciliation of operating loss to net cash inflow from operating activities	2007	2006
		£	£
	Operating loss	(190,934)	(228,880)
	Depreciation of tangible assets	8,457	9,827
	Decrease/(increase) in debtors	105,099	(68,518)
	Increase in creditors within one year	989,036	1,344,265
	Net cash inflow from operating activities	911,658	1,056,694

2	Analysis of net funds	1 January 2007	Cash flow	Other non-cash changes	31 December 2007
		£	£	£	£
	Net cash				
	Cash at bank and in hand	3,460,006	(2,087,774)	-	1,372,232
	Liquid resources				
	Current asset investments	-	3,099,939	-	3,099,939
	Net funds	3,460,006	1,012,165	-	4,472,171

3	Reconciliation of net cash flow to movement in net funds	2007	2006
		£	£
	(Decrease)/increase in cash in the year	(2,087,774)	1,088,514
	Cash outflow from increase in liquid resources	3,099,939	-
	Movement in net funds in the year	1,012,165	1,088,514
	Opening net funds	3,460,006	2,371,492
	Closing net funds	4,472,171	3,460,006

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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 Investments

Current asset investments are stated at the lower of cost and net realisable value.

1.7 Pensions

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

1.8 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.

1.9 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.

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

2 Turnover

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

3 Operating loss	2007 £	2006 £
Operating loss is stated after charging		
Depreciation of tangible assets	8,457	9,827
Loss on foreign exchange transactions	532	-
Operating lease rentals	140,000	140,000
Auditors' remuneration	5,251	4,260
	<u> </u>	<u> </u>

4 Investment income	2007 £	2006 £
Bank interest	118,819	60,127
	<u> </u>	<u> </u>

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

5 Taxation	2007	2006
	£	£
Domestic current year tax		
U K corporation tax	(6,023)	18,320
Adjustment for prior years	(8)	-
	<u>(6,031)</u>	<u>18,320</u>
Current tax charge	(6,031)	18,320
Deferred tax		
Deferred tax charge/credit current year	(4,620)	(43,820)
	<u>(10,651)</u>	<u>(25,500)</u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(72,115)	(168,753)
	<u>(72,115)</u>	<u>(168,753)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2006 - 19.00%)	(13,702)	(32,063)
	<u>(13,702)</u>	<u>(32,063)</u>
Effects of		
Non deductible expenses	6,850	49,551
Depreciation add back	1,607	1,867
Capital allowances	(778)	(1,038)
Adjustments to previous periods	(8)	-
Other tax adjustments	-	3
	<u>7,671</u>	<u>50,383</u>
Current tax charge	(6,031)	18,320
	<u>(6,031)</u>	<u>18,320</u>

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

6 Tangible fixed assets

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2007 & at 31 December 2007	5,296	47,915	53,211
Depreciation			
At 1 January 2007	1,592	26,886	28,478
Charge for the year	1,059	7,398	8,457
At 31 December 2007	2,651	34,284	36,935
Net book value			
At 31 December 2007	2,645	13,631	16,276
At 31 December 2006	3,704	21,029	24,733

7 Debtors

	2007 £	2006 £
Trade debtors	514,736	649,702
Corporation tax	6,023	-
Other debtors	41,125	41,125
Prepayments and accrued income	163,996	134,129
Deferred tax asset (see note 10)	48,020	43,400
	<u>773,900</u>	<u>868,356</u>

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

	2007 £	2006 £
Other debtors	<u>41,125</u>	<u>41,125</u>

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

8	Current asset investments	2007 £	2006 £
	Listed investments	3,099,939	-

9	Creditors' amounts falling due within one year	2007 £	2006 £
	Corporation tax	-	18,320
	Other taxes and social security costs	160,110	128,081
	Accruals and deferred income	4,789,562	3,832,555
		4,949,672	3,978,956

10 Provisions for liabilities and charges

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

	2007 £
Balance at 1 January 2007	(43,400)
Profit and loss account	(4,620)
Balance at 31 December 2007	(48,020)

	2007 £	2006 £
Accelerated capital allowances	760	1,600
Other timing differences	(48,780)	(45,000)
	(48,020)	(43,400)

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

11 Pension costs

Defined contribution

	2007 £	2006 £
Contributions payable by the company for the year	286,158	263,393
Contributions payable to the fund at the year end and included in creditors	(262,000)	(240,000)

12 Share capital

	2007 £	2006 £
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

13 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2007	99,900	273,239
Loss for the year	-	(61,464)
Balance at 31 December 2007	99,900	211,775

14 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Loss for the financial year	(61,464)	(143,253)
Opening shareholders' funds	374,139	517,392
Closing shareholders' funds	312,675	374,139

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

15 Financial commitments

At 31 December 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2008

	Land and buildings	
	2007	2006
	£	£
Operating leases which expire		
Between two and five years	140,000	140,000

16 Directors' emoluments

	2007	2006
	£	£
Emoluments for qualifying services	3,336,254	2,491,484
Company pension contributions to money purchase schemes	214,158	173,393
	3,550,412	2,664,877

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

Emoluments for qualifying services	1,951,254	1,581,484
Company pension contributions to money purchase schemes	208,158	167,393

LAMBERT ENERGY ADVISORY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

17 Employees

Number of employees

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

	2007 Number	2006 Number
Operations & administration	11	8

Employment costs

	2007 £	2006 £
Wages and salaries	4,698,128	3,738,584
Social security costs	590,741	468,716
Other pension costs	286,158	263,393
	<u>5,575,027</u>	<u>4,470,693</u>

18 Control

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

19 Related party transactions

During the year the company paid £130,000 (2006 - £110,000) to PFC Energy Inc, a subsidiary of Petroleum Finance Company Ltd, a 99.99% shareholder of the company

The company also paid £564,246 (2006 - £703,329) to Sandvold Energy AS, a company registered in Norway and controlled by Tore Sandvold, a non-executive director of the company

Both transactions were at arms length relating to general consultancy services provided during the year