Grant Thornton

Financial Statements
Exterran Services (UK) Limited

For the year ended 31 December 2012

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COMPANIES HOUSE

Registered number: 5128575

Company Information

Directors	Mr D F Cook (resigned 5 October 2012) Mr J Kishkill (resigned 27 August 2013) Mr V Lo Cerco (appointed 27 August 2013)
Registered number	5128575
Registered office	c/o King and Spalding 125 Old Broad Street London EC2N 1AR
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT

Exterran Services (UK) Limited

Contents

Director's Report
For the year ended 31 December 2012

The director presents his report and the financial statements for the year ended 31 December 2012

Principal activity of the company and business review

The principle activity of the company is the maintenance of a natural gas extraction plant in Pakistan

The company receives a maintenance fee from its customer and a monthly maintenance bonus if the planned plant productivity targets are achieved The key performance indicators for the company are therefore the gas output statistics which are used to determine the monthly billable revenue

Results and dividends

The profit for the year, after taxation, amounted to $2,825,858 (2011 - $2,480,993)

Directors

The directors who served during the year were

Mr D F Cook (resigned 5 October 2012)
Mr J Kishkill (resigned 27 August 2013)

Financial risk management objectives and policies

Summary
Financial risks are managed at both a company and a group level Management have invoked the following objectives and policies to deal with the financial risks facing the company

Interest rate risk
The ultimate parent provides financing for the company through intercompany loans Interest is charged on these loans at the agreed group rates

Credit risk
The company manages its credit risk exposure through the use of progress payments, letters of payment and close monitoring of the outstanding receivables

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet forseeable needs and to invest cash assets safely and profitably The company is financed through retained earnings and support from the ultimate parent company

Currency risk
The company is not exposed to translation and transaction foreign exchange risk due to the functional currency being the U S Dollar which is the currency the company trades in

Director's Report

For the year ended 31 December 2012

Director's responsibilities statement

The director is responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006 He is 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

Disclosure of information to auditor

The director at the time when this Directors' Report is approved has confirmed that

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 4 December 2013 and signed on its behalf

Mr V Lo Cerco
Director

GrantThornton

Independent Auditor's Report to the Members of Exterran Services (UK) Limited

We have audited the financial statements of Exterran Services (UK) Limited for the year ended 31 December 2012, which comprise the Profit and Loss account, the Balance Sheet, the Cash Flow Statement and the related notes 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 Auditor's 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 director and auditor

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/apb/scope/private cfm

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 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Grant Thornton

Independent Auditor's Report to the Members of Exterran Services (UK) Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Martin Ramsey (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Birmingham

4 December 2013

Profit and Loss Account

For the year ended 31 December 2012

	Note	2012 $	2011 $
Turnover	1,2	**6,005,752**	6,437,876
Cost of sales		**(2,170,468)**	(2,392,153)
Gross profit		**3,835,284**	4,045,723
Administrative expenses		**(837,637)**	(808,653)
Operating profit	3	**2,997,647**	3,237,070
Interest receivable and similar income	5	**606,381**	640,567
Interest payable and similar charges	6	**(422,146)**	(496,101)
Profit on ordinary activities before taxation		**3,181,882**	3,381,536
Tax on profit on ordinary activities	7	**(356,024)**	(900,543)
Profit for the financial year	14	**2,825,858**	2,480,993

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

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

Balance Sheet
As at 31 December 2012

	Note	$	2012 $	$	2011 $
Fixed assets					
Tangible assets	8		**6,878**		1,833
Current assets					
Stocks	10	**501,310**		456,484	
Debtors	11	**21,065,152**		18,821,246	
Cash at bank and in hand		**40,166**		27,263	
		21,606,628		19,304,993	
Creditors. amounts falling due within one year	12	**(9,003,810)**		(9,522,988)	
Net current assets			**12,602,818**		9,782,005
Net assets			**12,609,696**		9,783,838
Capital and reserves					
Called up share capital	13		**2**		2
Profit and loss account	14		**12,609,694**		9,783,836
Equity shareholders' funds	15		**12,609,696**		9,783,838

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 December 2013

Mr V Lo Cerco
Director

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

Cash Flow Statement
For the year ended 31 December 2012

	Note	2012 $	2011 $
Net cash flow from operating activities	16	**468,995**	918,511
Returns on investments and servicing of finance	17	**184,235**	144,466
Taxation		**(632,824)**	(1,070,105)
Capital expenditure and financial investment	17	**(7,503)**	-
Increase/(decrease) in cash in the year		**12,903**	(7,128)

Reconciliation of Net Cash Flow to Movement in Net Funds
For the year ended 31 December 2012

	2012 $	2011 $
Increase/(decrease) in cash in the year	**12,903**	(7,128)
Movement in net funds in the year	**12,903**	(7,128)
Net funds at 1 January 2012	**27,263**	34,391
Net funds at 31 December 2012	**40,166**	27,263

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

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Practice (GAAP)

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts These financial statements therefore present information about the company as an individual undertaking and not about its group

1.2 Going concern

The financial statements have been prepared on the basis that the company is a going concern as the company is profitable and cash generative and is forecast to remain so for the foreseeable future The ultimate parent company, Exterran Energy Solutions L P will provided financial support to the company as and when required Accordingly, the financial statements have been prepared on a going concern basis

1.3 Turnover

The turnover shown in the profit and loss account represents the total amount receivable by the company for goods supplied and services provided during the year

Turnover includes revenue accrued on long term contracts based upon the degree of completion of the contracts at the year end

Maintenance revenue is recognised on a monthly basis The amount recognised is adjusted for contractual performance measures which are assessed on a monthly basis

1.4 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

Fixtures & fittings	-	3 years

1 5 Investments

Investments in subsidiary undertakings are stated at cost less amounts written off

1.6 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Notes to the Financial Statements
For the year ended 31 December 2012

1. Accounting Policies (continued)

1.8 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1 9 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into US dollars at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

1 10 Consolidation

The company is a wholly-owned subsidiary of a European company The company is consolidated within the group financial statements of a non- European Economic Area (EEA) company, Exterran Holdings Inc, and as the conditions in section 400(1) and section 401(1) of Companies Act 2006 have been met, the company has taken advantage of the exemption not to prepare group accounts These financial statements therefore present information about the company as an individual undertaking and not about it's group

1.11 Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Notes to the Financial Statements

For the year ended 31 December 2012

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company An analysis of turnover is given below

	2012	2011
	$	$
Pakistan	**6,005,752**	6,437,876

3. Operating profit

The operating profit is stated after charging/(crediting)

	2012	2011
	$	$
Depreciation of tangible fixed assets		
- owned by the company	**2,458**	3,649
Auditor's remuneration	**17,950**	17,400
Operating lease rentals		
- plant and machinery	**29,116**	7,856
- other operating leases	**27,616**	28,175
Difference on foreign exchange	**22,483**	19,701

During the year, no director received any emoluments (2011 - $NIL)

4. Staff costs

Staff costs were as follows

	2012	2011
	$	$
Wages and salaries	**1,043,596**	1,009,320
Social security costs	**115,910**	112,147
	1,159,506	1,121,467

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

	2012	2011
	No.	No
Employees	**45**	44

Notes to the Financial Statements

For the year ended 31 December 2012

5. Interest receivable

	2012	2011
	$	$
Interest receivable from group undertakings	**606,381**	640,567

6. Interest payable

	2012	2011
	$	$
Interest payable to group undertakings	**422,146**	496,101

7. Taxation

	2012	2011
	$	$
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	-	522,982
Amendments of prior year estimates	**(127,255)**	-
	(127,255)	522,982
Foreign tax on income for the year	**483,279**	377,561
Tax on profit on ordinary activities	**356,024**	900,543

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 26 5% The differences are explained below

	2012	2011
	$	$
Profit on ordinary activities before tax	**3,181,882**	3,381,536
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26 5% (2011 - 26 5%)	**843,199**	896,107
Effects of.		
Profits not taxable due to branch exemption	**(843,199)**	-
Capital allowances for year in excess of depreciation	-	(1,942)
Other timing differences leading to an increase (decrease) in taxation	-	6,378
Double tax treaty relief	-	(377,561)
Pakistan tax on income receipted in year	**483,279**	377,561
Amendments of prior period estimates	**(127,255)**	-
Current tax charge for the year (see note above)	**356,024**	900,543

Notes to the Financial Statements
For the year ended 31 December 2012

8. Tangible fixed assets

	Fixtures & fittings $
Cost	
At 1 January 2012	86,129
Additions	7,503
At 31 December 2012	93,632
Depreciation	
At 1 January 2012	84,296
Charge for the year	2,458
At 31 December 2012	86,754
Net book value	
At 31 December 2012	6,878
At 31 December 2011	1,833

9. Investments

	Investments in subsidiary companies $
Cost or valuation	
At 1 January 2012 and 31 December 2012	274,449
Impairment	
At 1 January 2012 and 31 December 2012	274,449
Net book value	
At 31 December 2012 and 31 December 2011	-

10. Stocks

	2012 $	2011 $
Raw materials and spare parts	501,310	456,484

Notes to the Financial Statements

For the year ended 31 December 2012

11. Debtors

	2012	2011
	$	$
Trade debtors	1,807,735	3,704,381
Amounts owed by group undertakings	19,176,159	15,045,061
Other debtors	2,733	975
Prepayments and accrued income	78,525	70,829
	21,065,152	18,821,246

12. Creditors: Amounts falling due within one year

	2012	2011
	$	$
Trade creditors	2,195	7,828
Amounts owed to group undertakings	8,452,260	8,712,844
Corporation tax	-	276,800
Accruals and deferred income	549,355	525,516
	9,003,810	9,522,988

13. Share capital

	2012	2011
	$	$
Allotted, called up and partly paid		
1 Ordinary share of $1 80	2	2

14. Reserves

	Profit and loss account
	$
At 1 January 2012	9,783,836
Profit for the financial year	2,825,858
At 31 December 2012	12,609,694

Notes to the Financial Statements

For the year ended 31 December 2012

15. Reconciliation of movement in equity shareholders' funds

	2012	2011
	$	$
Opening equity shareholders' funds	**9,783,838**	7,302,845
Profit for the financial year	**2,825,858**	2,480,993
Closing equity shareholders' funds	**12,609,696**	9,783,838

16. Net cash flow from operating activities

	2012	2011
	$	$
Operating profit	**2,997,647**	3,237,070
Depreciation of tangible fixed assets	**2,458**	3,649
(Increase)/decrease in stocks	**(44,826)**	94,015
Decrease/(increase) in debtors	**1,887,192**	(2,163,076)
Increase in amounts owed by group undertakings	**(4,131,098)**	(405,628)
Increase/(decrease) in creditors	**18,206**	(189,275)
(Decrease)/increase in amounts owed to group undertakings	**(260,584)**	341,756
Net cash inflow from operating activities	**468,995**	918,511

17. Analysis of cash flows for headings netted in cash flow statement

	2012	2011
	$	$
Returns on investments and servicing of finance		
Interest received from group undertakings	**606,381**	640,567
Interest paid by group undertakings	**(422,146)**	(496,101)
Net cash inflow from returns on investments and servicing of finance	**184,235**	144,466

	2012	2011
	$	$
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(7,503)**	-

18. Analysis of changes in net funds

	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
	$	$	$	$
Cash at bank and in hand	**27,263**	**12,903**	-	**40,166**
Net funds	27,263	12,903	-	40,166

19. Contingent liabilities

The directors have confirmed that there were no contingent liabilities at 31 December 2012 or 31 December 2011

20. Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2012 or 31 December 2011

21. Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012	2011
	$	$
Expiry date.		
Within 1 year	**22,257**	22,257

Notes to the Financial Statements

For the year ended 31 December 2012

22. Related party transactions

The company has transacted with the fellow group companies during the year

	Transactions during 2012 $	Debtor/ (creditor) at 31 Dec 2012 $	Transactions during 2011 $	Debtor/ (creditor) at 31 Dec 2011 $
Exterran Energy Solutions LP (formerly Hanover Compression LP -				
Trade purchases	(1,093,051)	(635,793)	(354,776)	(1,629,317)
-Audit adjustment from 2010	351,361	-	-	-
-Transfer	1,855,000	-	2,805,760	-
-Recharges	(118,411)	-	(46,183)	-
- Interest	(4,905)	-	(496,101)	-
-Revaluation	3,531	-	-	-
Exterran International SA - Transfer	-	(1,753,349)	-	(1,753,349)
Exterran Middle East LLC - Interest	763,464	16,237,818	640,567	15,631,438
-Audit adjustment from 2010	(157,083)	-	-	-
Exterran UK Limited - Recharges	(136,177)	2,696,951	(418,817)	(185,011)
- Transfer	2,877,961	-	-	-
Exterran Compressor Services BV				
- Recharges	627,074	216,804	(235,446)	(410,269)
Exterran Eastern Hemisphere - Recharges	4,625	13,528	(1,133)	8,903
Exterran Holdings Co NL B V - Transfer	(673,720)	(6,013,180)	(2,236,779)	(5,330,180)
- Revaluation	(9,280)	-	6,779	-
Exterran Bharain S P C -Transfer	15,058	15,058	-	-
Exterran Pakistan (Private) Limited -				
Transfer	(9,593)	(10,395)	-	-
-Revaluation	(801)	-	-	-
Total	4,431,227	10,763,442	63,871	6,332,215

23. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Exterran Holding Company NL B V , a company registered in the Netherlands

However, the directors consider that the ultimate parent undertaking and controlling related party of this company is Exterran Holdings Inc, which is registered in the United States

The largest group of undertakings for which group accounts have been drawn up is that headed by Exterran Holdings Inc, which is incorportated in the United States Group accounts are available from the company's registered office at 12001 North Houston, Rosslyn, Houston, TX 77086, or the group's website www exterran com