

JGC NORTH SEA LIMITED

**Report and Financial Statements
31 December 2007**

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JGC NORTH SEA LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

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JGC NORTH SEA LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Kotaro Nitta
Terumasa Ono

SECRETARY

Satoshi Kurata

REGISTERED OFFICE

Kellogg Tower
Greenford Road
Greenford
Middlesex
UB6 0JA

BANKERS

Sumitomo Mitsui Banking Corporation Europe Ltd
Temple Court
11 Queen Victoria Street,
London

SOLICITORS

Turner Debenhams Solicitors
Ivy House
107 St Peter's Street
St Albans
Hertfordshire
AL1 3EW

AUDITORS

Deloitte & Touche LLP
Reading

JGC NORTH SEA LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

DIRECTORS' REPORT

The directors' present their annual report and the audited financial statements for the year ended 31 December 2007.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

PRINCIPAL ACTIVITY

The principal activity of the company is to invest in oil and gas assets in the North Sea area.

The company continues to pursue investment opportunity of oil and gas assets as the company at present, is not in a position to consider any possibility to close its activities

DIRECTORS

The directors who held office during the year and at the date of signing of these financial statements are listed on page 1.

DIVIDENDS

The directors do not recommend the payment of a dividend (2006: £nil)

AUDITORS

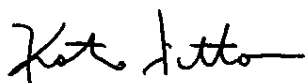
Each of the persons who is a director at the date of approval of this report confirms that.

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors 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.

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

Deloitte & Touche 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



K Nitta
Director

8 August 2008

JGC NORTH SEA 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 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, 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 that 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 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 JGC NORTH SEA LIMITED

We have audited the financial statements of JGC North Sea Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 11. 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 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 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'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 JGC NORTH SEA 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 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, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Reading, United Kingdom

8 August 2008

JGC NORTH SEA LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2007

	Note	2007 £	2006 £
Administrative expenses		(3,236)	(32,593)
Operating loss	2	(3,236)	(32,593)
Interest receivable and similar income		2,699	61,246
Interest payable and similar charges		(3,000)	-
(Loss)/profit on ordinary activities before taxation		(3,537)	28,653
Tax on (loss)/profit on ordinary activities	3	(13,000)	(15,656)
(Loss)/profit on ordinary activities after taxation	9	(16,537)	12,997

All amounts derive from continuing operations

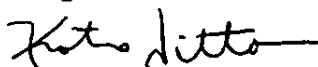
There are no recognised gains or losses other than the results attributable to shareholders of the company shown above. Accordingly, a statement of total recognised gains and losses has not been presented.

JGC NORTH SEA LIMITED

BALANCE SHEET 31 December 2007

	Note	2007 £	2006 £
CURRENT ASSETS			
Debtors	5	680	2
Investments	6	50,810	68,676
Cash at bank and in hand		1,000	5
		<u>52,490</u>	<u>68,683</u>
CREDITORS: amounts falling due within one year	7	(16,000)	(15,656)
NET CURRENT ASSETS, BEING NET ASSETS		<u>36,490</u>	<u>53,027</u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Capital redemption reserve	9	65,574	65,574
Profit and loss account	9	(29,086)	(12,549)
SHAREHOLDERS' FUNDS	9	<u>36,490</u>	<u>53,027</u>

These financial statements were approved by the Board of Directors on 8 August 2008
Signed on behalf of the Board of Directors



K Nitta
Director

JGC NORTH SEA LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

1. ACCOUNTING POLICY

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted which have been applied consistently throughout the current and preceding year are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Taxation

UK Corporation Tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax is measured on a non-discounted basis. Timing differences arise from the inclusion of items in income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

2. OPERATING LOSS

	2007 £	2006 £
Operating loss is stated after charging:		
Auditors' remuneration - audit	850	850
- non audit	-	6,639
	<u> </u>	<u> </u>

JGC NORTH SEA LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

3. TAXATION

	2007 £	2006 £
Current tax		
UK corporation tax on profits of the period	-	15,656
Adjustment in respect of previous periods	13,000	-
Total current tax	<u>13,000</u>	<u>15,656</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK Corporation Tax to the profit before tax are as follows

	2007 £	2006 £
(Loss)/profit on ordinary activities before taxation	(3,537)	28,653
Taxation on (loss)/ profit on ordinary activities at standard UK Corporation Tax rate (30%)	(1,061)	8,596
Expenses not deductible for tax purposes	1,061	7,060
Adjustment in respect of previous periods	13,000	-
Current tax	<u>13,000</u>	<u>15,656</u>

There are no unrecognised deferred tax assets or liabilities arising from timing differences

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors, who were the only employees of the company during the current and preceding financial period, receive remuneration from other group companies in respect of services to the group. The proportion that relates to the company is £nil (2006 £nil)

JGC NORTH SEA LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

5. DEBTORS

	2007 £	2006 £
Amounts owed by group undertakings	2	2
Prepayments and accrued income	678	-
	<u>680</u>	<u>2</u>

6. CURRENT ASSET INVESTMENTS

	2007 £	2006 £
Cash on deposit	<u>50,810</u>	<u>68,676</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Accruals	3,000	-
Corporation tax	13,000	15,656
	<u>16,000</u>	<u>15,656</u>

8. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised		
10,000,000 (2006 10,000,000) ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Called up, allotted and fully paid		
2 (2006 2) ordinary share of £1	<u>2</u>	<u>2</u>

JGC NORTH SEA LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2007

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £	Capital Redemption Reserve £	Profit and loss account £	Total £
At 1 January 2007	2	65,574	(12,549)	53,027
Loss for the period	-	-	(16,537)	(16,537)
At 31 December 2007	<u>2</u>	<u>65,574</u>	<u>(29,086)</u>	<u>36,490</u>

10. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's ultimate parent company, controlling party and head of the smallest and largest group is JGC Corporation, a company incorporated in Japan. Copies of the consolidated financial statements are available from JGC Corporation, 3-1 Minato Mirai 2-Chome, Nishi-Ku, Yokohama 220-6001, Japan.

11. RELATED PARTY TRANSACTION

The cost of the annual return fee of £30 (2006 £30) was borne by the Company's parent company without any right of reimbursement.