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Registration number: 39227

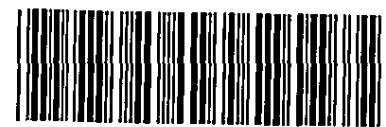
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Directors' Report and Financial Statements

Aran Energy PLC

31 December 2008

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ARAN ENERGY PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2008

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ARAN ENERGY PLC

COMPANY INFORMATION

Registration number: 39227

DIRECTORS

P Evans
A Maher
H Hatlestad

SECRETARY

A J Saul

AUDITORS

Ernst & Young
Chartered Accountants
Annaville House
Newtown
Waterford
Republic of Ireland

BANKERS

Citibank
Citigroup centre
Canary Wharf
London
E14 5lb

REGISTERED OFFICE

Georges Dock House
2 Georges Dock
IFSC
Dublin 1

Aran Energy PLC

DIRECTORS' REPORT

For the year ended 31 December 2008

The directors have pleasure in presenting the directors' report and financial statements for the year ended 31 December 2008.

RESULTS AND DIVIDENDS

The profit and loss account for the year ended 31 December 2008 and the balance sheet at that date are set out on pages 7 to 8.

The directors do not propose the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company is that of a holding company. The principal place of business is StatoilHydro, 1 Kingdom Street, London, W2 6BD.

The financial statements have been prepared on a break-up basis reflecting the planned liquidation of the company in 2010.

DIRECTORS

The directors who served during the year ended 31 December 2008 are as follows:

P Evans	(British)
J Conroy	(Irish – Resigned 31 October 2008)
H Hatlestad	(Norwegian- appointed 16 May 2007)
A Maher	(Irish – Appointed 31 October 2008)

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

<i>Director</i>	<i>Company – Type</i>	<i>2008</i>	<i>2007</i>
P Evans	StatoilHydro ASA – Ordinary 2.5 NOK	737	527
J Conroy (Resigned 31/10/08)	StatoilHydro ASA – Ordinary 2.5 NOK	-	938
H Hatlestad	StatoilHydro ASA – Ordinary 2.5 NOK	1,425	831
A J Saul	StatoilHydro ASA – Ordinary 2.5 NOK	737	527
A Maher (Appointed 31/10/08)	StatoilHydro ASA – Ordinary 2.5 NOK	1,242	-

PRINCIPAL RISKS AND UNCERTAINTIES

The company is no longer trading and therefore the directors do not consider there to be any risks at present.

EMPLOYEE MATTERS

There are no employees in the Company.

ENVIRONMENTAL MATTERS

The company is not involved in any activities that would negatively impact on the environment.

Aran Energy PLC

DIRECTORS' REPORT

For the year ended 31 December 2008

BOOKS OF ACCOUNTS

The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990 are kept by the company. To achieve this, the directors have appointed an experienced financial controller who reports to the board and ensures that the requirements of Section 202 of the Companies Act, 1990 are complied with.

Those books and accounting records are maintained at Statoil Hydro, 1 Kingdom Street, London, W2 6BD, United Kingdom.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standard Board and promulgated by the Institute of Chartered Accountants in Ireland.

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 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;
- 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 books of account 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 Acts 1963 to 2009. 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.

AUDITORS

Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Directors

Directors:

Pippattaral *Anne Alder*

Date: 30/10/09

30/10/09

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ARAN ENERGY PLC**

We have audited the company's financial statements of Aran Energy PLC for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 193 of the Companies Act, 1990. 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 are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as 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 Acts, 1963 to 2009. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

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.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the company as at 31 December 2008 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

In our opinion, the balance sheet does not disclose a financial situation which under section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

A handwritten signature in black ink, consisting of a large, stylized initial 'E' followed by a long, sweeping horizontal line that curves upwards at the end.

Ernst & Young,
Chartered Accountants and Registered Auditors,
Annville House,
Newtown,
Waterford.

4 November 2009.

Aran Energy PLC

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
ADMINISTRATIVE AND FINANCIAL ITEMS			
Exchange gain		149	40
Interest payable and similar charges	3	-	-
		<u>149</u>	<u>40</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		149	40
Taxation	4	(908)	(896)
		<u>(759)</u>	<u>(856)</u>
LOSS RETAINED FOR THE YEAR		(759)	(856)
		<u>(19,695)</u>	<u>(18,839)</u>
LOSS BROUGHT FORWARD AT BEGINNING OF YEAR		(19,695)	(18,839)
		<u>(20,454)</u>	<u>(19,695)</u>
LOSS CARRIED FORWARD AT END OF YEAR		(20,454)	(19,695)

There are no recognised gains or losses in either year other than the losses attributable to shareholders of the company.

Approved by the board on:

Directors

Pippatran

Anne Usher

Date:

30/10/09

30/10/09

Aran Energy PLC

BALANCE SHEET at 31 December 2008

	<i>Notes</i>	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
FIXED ASSETS			
Investments	5	-	-
CURRENT ASSETS			
Debtors: amounts due within one year	6	49,013	48,858
Cash at bank and in hand		-	1
		<u>49,013</u>	<u>48,859</u>
CREDITORS: amounts falling due within one year	7	(2,888)	(1,975)
NET CURRENT ASSETS		<u>46,125</u>	<u>46,884</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>46,125</u>	<u>46,884</u>
NET ASSETS		<u>46,125</u>	<u>46,884</u>
CAPITAL AND RESERVES			
Called up share capital	9	47,043	47,043
Share premium account	10	10,744	10,744
Other reserves	10	8,792	8,792
Profit and loss account	10	(20,454)	(19,695)
SHAREHOLDER'S FUNDS – ALL EQUITY INTERESTS		<u>46,125</u>	<u>46,884</u>

Approved by the board on:

Directors



Date:

30/10/09

30/10/09

Aran Energy PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Basis of preparation

The directors intend to liquidate the company in the future. Consequently, the financial statements have been prepared on the break-up basis rather than on the going concern basis. The break-up basis adopted results in assets held by the company at the year end being recorded at their estimated realisable values and liabilities due at the year end at amounts at which they will ultimately be settled. This did not cause any adjustment from the book amounts.

Cash flow statement

Under the provisions of Financial Reporting Standard No. 1 (Revised 1996), the company has not prepared a cash flow statement because its ultimate parent undertaking, StatoilHydro ASA, which is incorporated in Norway, has prepared group accounts which include the results of the company for the period and which are publicly available.

Group financial statements

These accounts present information about the company as an individual undertaking and not about its group.

The company is exempt from the obligation to draw up group financial statements under Regulation 8 of the European Communities (Companies: Group Accounts) Regulations, 1992 and details of its parent undertaking, in whose group financial statements it is included, are given in note 12.

Foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. STATUTORY AND OTHER INFORMATION

The company had no employees during the year or the preceding year.

	2008	2007
	£'000	£'000
Directors' emoluments	-	-
Auditor's remuneration	-	-
	=====	=====

Auditor's remuneration is dealt with in the accounts of the parent undertaking.

The directors received no share based payments for their services as director of the company.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£'000	£'000
Interest payable	-	-
	=====	=====

Aran Energy PLC

NOTES TO THE FINANCIAL STATEMENTS 31 December 2008

4. TAXATION

(a) Analysis of charge in the year:

	2008	2007
	£'000	£'000
UK corporation tax on profit/(loss) for the year at 28% (2007 – 30%)	-	896
Current tax charge	-	896
Payment for receipt of tax losses	908	-
(b) Factors affecting tax charge for the year:	908	896

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2007 – 30%). The differences are reconciled below:

	2008	2007
	£'000	£'000
Profit on ordinary activities before tax	149	40
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 28% (2007 - 30%)	42	12
Notional interest	858	884
Corporation tax under provided in previous years	8	-
Group relief	(908)	-
Total current tax	-	896

Aran Energy PLC

NOTES TO THE FINANCIAL STATEMENTS 31 December 2008

5. INVESTMENTS

	2008 £'000	2007 £'000
Shares in subsidiary undertakings, unlisted, at cost: Cost at 1 January and at 31 December	16,115	16,115
Amounts provided at 1 January and at 31 December	16,115	16,115
Net book value at 31 December	-	-

At 31 December 2008, the company had the following wholly-owned subsidiary undertakings:

<i>Name of company</i>	<i>Holding</i>	<i>% held</i>	<i>Nature of business</i>	<i>Country of registration or incorporation</i>	<i>Share Capital and reserves at 31/12/2008</i>
Petrolex PLC	Ordinary shares	100%	Dormant	England and Wales	Share capital £781,200 Net assets Nil

- Lassemista Company Limited, previously 100% owned by Aran Energy PLC was liquidated in the 2008 financial year.
- The registered office for Petrolex PLC was 1 Kingdom Street, London, W2 6BD, United Kingdom. This company was liquidated in May 2009. The net book value of the investment was nil at the time of liquidation, there was no profit and loss impact as a result of the liquidation.

Subsidiary undertakings were deemed to have reduced in residual value and were written-down to reflect this.

6. DEBTORS: amounts due within one year

	2008 £'000	2007 £'000
Amounts due from parent undertaking	49,013	48,858

7. CREDITORS: amounts due within one year

	2008 £'000	2007 £'000
Amounts due to parent undertaking	2,888	1,975
UK corporation tax	-	-
	2,888	1,975

NOTES TO THE FINANCIAL STATEMENTS
31 December 2008

8. FINANCIAL INSTRUMENTS

TREASURY POLICIES

Foreign currency risk

The company has financial assets and liabilities denominated in currencies other than sterling. These balances are a very small proportion of the company's assets and liabilities and therefore the foreign currency risk is considered to be low.

Credit risk

The company's financial assets are almost exclusively due from its parent company. Therefore the risk of financial loss due to a counterparty's failure to honour its obligations is considered to be very low.

Interest rate risk

The company's financial liabilities and assets are almost exclusively due to and from its parent company with a zero interest rate. Therefore the company is not exposed to interest rate risk.

Liquidity risk

As the company has ceased trading it has no income to pay liabilities to third parties. Any third party liabilities which become due will be paid by the company by reducing its intercompany receivable balance with its immediate parent to generate the required funds.

9. CALLED UP SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised: 350,000,000 ordinary shares of €0.253947 each	69,184	69,184
	<u>£'000</u>	<u>£'000</u>
Allotted, called up and fully paid: 261,753,729 ordinary shares of €0.253947 each	47,043	47,043
	<u>£'000</u>	<u>£'000</u>

10. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital £'000	Share premium £'000	Profit and loss £'000	Other reserves £'000	Total share- holder's funds £'000
At 1 January 2008	47,043	10,744	(19,695)	8,792	46,884
Loss for the year	-	-	(759)	-	(759)
At 31 December 2008	<u>47,043</u>	<u>10,744</u>	<u>(20,454)</u>	<u>8,792</u>	<u>46,125</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption supplied by Financial Reporting Standard No.8 from disclosing transactions with other group members qualifying as related parties. Consolidated financial statements in which the company is included are publicly available. There were no other related party transactions.

12. PARENT UNDERTAKING

The immediate controlling party and parent undertaking is Statoil (U.K.) Limited, a company incorporated in the United Kingdom. Copies of its financial statements are available from Statoil Hydro, 1 Kingdom Street, London, W2 6BD, United Kingdom.

The ultimate parent undertaking and parent undertaking of the largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is StatoilHydro ASA, incorporated in Norway. Copies of the group financial statements of StatoilHydro ASA, are available from Statoil (U.K.) Limited at the above address.

The ultimate controlling party is the Norwegian government.

13. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved and authorised by the directors for issue on the 30th of October 2009.

14. POST BALANCE SHEET EVENTS

Petrolex PLC a 100% owned investment of Aran Energy PLC was liquidated in May 2009. The net assets of this company were Nil as at the 31st December 2008.