

**Foraco International S.A.**

**Unaudited condensed consolidated interim financial statements as of September 30, 2007**

**Foraco International S.A.**

**Unaudited condensed consolidated interim financial statements**

**Three-month and nine-month periods ended September 30, 2007**



The accompanying notes to the financial statements form an integral part  
of these consolidated interim financial statements



**Table of content**

|                                                                                            |          |
|--------------------------------------------------------------------------------------------|----------|
| <b>Unaudited condensed consolidated interim balance sheet - Assets</b>                     | <b>3</b> |
| <b>Unaudited condensed consolidated interim balance sheet – Equity &amp; Liabilities</b>   | <b>4</b> |
| <b>Unaudited condensed consolidated interim income statement</b>                           | <b>5</b> |
| <b>Unaudited condensed consolidated interim statement of changes in equity</b>             | <b>6</b> |
| <b>Unaudited condensed consolidated interim cash flow statement</b>                        | <b>7</b> |
| <b>Selected notes to the unaudited condensed consolidated interim financial statements</b> | <b>8</b> |
| 1. Basis of preparation                                                                    | 8        |
| 2. Accounting policies and new accounting pronouncements                                   | 8        |
| 3. Financial Risk management                                                               | 10       |
| 4. Segment information                                                                     | 10       |
| 5. Property, plant and equipment                                                           | 13       |
| 6. Goodwill                                                                                | 14       |
| 7. Inventories                                                                             | 15       |
| 8. Borrowings                                                                              | 15       |
| 9. Provisions                                                                              | 16       |
| 10. Reorganization and non-current assets held for sale                                    | 16       |
| 11. Share based compensation                                                               | 17       |
| 12. Expenses by nature                                                                     | 18       |
| 13. Commitments and contingencies                                                          | 19       |
| 14. Related-party transactions                                                             | 19       |
| 15. Operations related to share capital                                                    | 20       |
| 16. Events after the balance sheet date                                                    | 21       |

**Foraco International S.A.****Unaudited condensed consolidated interim financial statements as of September 30, 2007****Unaudited condensed consolidated interim balance sheet - Assets**

|                                    |             | <b>September 30, December 31,</b> |               |
|------------------------------------|-------------|-----------------------------------|---------------|
|                                    | <b>Note</b> | <b>2007</b>                       | <b>2006</b>   |
| <b>ASSETS</b>                      |             |                                   |               |
| <b>Non-current assets</b>          |             |                                   |               |
| Property, plant and equipment      | (5)         | 14,318                            | 11,411        |
| Goodwill                           | (6)         | 4,306                             | 1,914         |
| Other intangible asset             | (6)         | 210                               | -             |
| Investments in associates          |             | 169                               | 75            |
| Deferred income tax assets         |             | 1,474                             | 645           |
| Other non-current assets           |             | 329                               | 413           |
|                                    |             | <b>20,806</b>                     | <b>14,458</b> |
| <b>Current assets</b>              |             |                                   |               |
| Inventories, net                   | (7)         | 12,121                            | 11,081        |
| Trade receivables, net             |             | 18,388                            | 13,024        |
| Other current assets               |             | 4,997                             | 4,376         |
| Cash and cash equivalents          |             | 21,468                            | 3,313         |
|                                    |             | <b>56,973</b>                     | <b>31,794</b> |
| Assets classified as held for sale | (10)        | 764                               | -             |
| <b>Total assets</b>                |             | <b>78,543</b>                     | <b>46,252</b> |

The accompanying notes to the financial statements form an integral part of these consolidated interim financial statements



**Foraco International S.A.**  
**Unaudited condensed consolidated interim financial statements as of September 30, 2007**

**Unaudited condensed consolidated interim balance sheet – Equity & Liabilities**

|                                                                          | Note | September 30, 2007 | December 31, 2006 |
|--------------------------------------------------------------------------|------|--------------------|-------------------|
| <b>EQUITY</b>                                                            |      |                    |                   |
| <b>Capital and reserves attributable to the Company's equity holders</b> |      |                    |                   |
| Share capital                                                            | (15) | 911                | 657               |
| Retained earnings                                                        |      | 44,433             | 15,064            |
| Other reserves                                                           |      | 345                | (1,210)           |
|                                                                          |      | <b>45,689</b>      | <b>14,511</b>     |
| Minority interest in equity                                              |      | 138                | 112               |
| <b>Total equity</b>                                                      |      | <b>45,827</b>      | <b>14,623</b>     |
| <b>LIABILITIES</b>                                                       |      |                    |                   |
| <b>Non-current liabilities</b>                                           |      |                    |                   |
| Borrowings                                                               | (8)  | 2,954              | 3,868             |
| Deferred income tax liabilities                                          |      | 443                | 893               |
| Provisions for other liabilities and charges                             | (9)  | 2,621              | 2,632             |
| <b>Current liabilities</b>                                               |      |                    |                   |
| Trade and other payables                                                 |      | 16,727             | 14,932            |
| Current income tax liabilities                                           |      | 2,134              | 121               |
| Borrowings                                                               | (8)  | 7,473              | 8,820             |
| Provisions for other liabilities and charges                             | (9)  | 363                | 363               |
| <b>Total liabilities</b>                                                 |      | <b>32,716</b>      | <b>31,629</b>     |
| <b>Total equity and liabilities</b>                                      |      | <b>78,543</b>      | <b>46,252</b>     |

The accompanying notes to the financial statements form an integral part of these consolidated interim financial statements



**Foraco International S.A.**  
**Unaudited condensed consolidated interim financial statements as of September 30, 2007**

**Unaudited condensed consolidated interim income statement**

|                                                                                 | Note      | <u>Three-month<br/>period ended<br/>September 30, 2007</u> | <u>Nine-month<br/>period ended<br/>September 30, 2007</u> | <u>Three-month<br/>period ended<br/>September 30, 2006</u> | <u>Nine-month<br/>period ended<br/>September 30, 2006</u> |
|---------------------------------------------------------------------------------|-----------|------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|
| Revenue                                                                         | (4)       | 20,422                                                     | 54,991                                                    | 7,610                                                      | 24,211                                                    |
| Cost of sales                                                                   | (12)      | (14,555)                                                   | (39,805)                                                  | (6,332)                                                    | (18,954)                                                  |
| <b>Gross profit</b>                                                             |           | <b>5,867</b>                                               | <b>15,186</b>                                             | <b>1,278</b>                                               | <b>5,257</b>                                              |
| Selling and marketing expenses                                                  | (12)      | (689)                                                      | (1,840)                                                   | (342)                                                      | (1,022)                                                   |
| General and administrative expenses                                             | (12)      | (1,394)                                                    | (3,936)                                                   | (928)                                                      | (2,670)                                                   |
| Other operating income / (expense), net                                         | (12)      | 65                                                         | 65                                                        | 6                                                          | (10)                                                      |
| Share of profit / (loss) from associates                                        | (12)      | -                                                          | 94                                                        | -                                                          | -                                                         |
| Share based compensation granted as part of the Initial Public Offering         | (11)/(12) | (202)                                                      | (983)                                                     | -                                                          | -                                                         |
| <b>Operating profit</b>                                                         |           | <b>3,648</b>                                               | <b>8,587</b>                                              | <b>14</b>                                                  | <b>1,555</b>                                              |
| Finance costs                                                                   |           | (366)                                                      | (948)                                                     | (135)                                                      | (400)                                                     |
| <b>Profit before income tax</b>                                                 |           | <b>3,282</b>                                               | <b>7,638</b>                                              | <b>(121)</b>                                               | <b>1,155</b>                                              |
| Income tax expense                                                              |           | (896)                                                      | (2,318)                                                   | 29                                                         | (235)                                                     |
| <b>Profit for the period</b>                                                    |           | <b>2,386</b>                                               | <b>5,320</b>                                              | <b>(92)</b>                                                | <b>920</b>                                                |
| Attributable to:                                                                |           |                                                            |                                                           |                                                            |                                                           |
| Equity holders of the Company                                                   |           | 2,386                                                      | 5,294                                                     | (92)                                                       | 920                                                       |
| Minority interest                                                               |           | -                                                          | 26                                                        | -                                                          | -                                                         |
| Earnings per share for profit attributable to the equity holders of the Company |           |                                                            |                                                           |                                                            |                                                           |
| - basic                                                                         | (15)      | 0.04                                                       | 0.11                                                      | 0.00                                                       | 0.02                                                      |
| - diluted                                                                       | (15)      | 0.04                                                       | 0.11                                                      | 0.00                                                       | 0.02                                                      |

The accompanying notes to the financial statements form an integral part of these consolidated interim financial statements



**Foraco International S.A.**  
**Unaudited condensed consolidated interim financial statements as of September 30, 2007**

**Unaudited condensed consolidated interim statement of changes in equity**

|                                                                         | Attributable to equity holders of the Company |                   |                | Total         | Minority Interest | Total equity  |
|-------------------------------------------------------------------------|-----------------------------------------------|-------------------|----------------|---------------|-------------------|---------------|
|                                                                         | Share Capital                                 | Retained Earnings | Other Reserves |               |                   |               |
| <b>Balance at January 1, 2006</b>                                       | <b>657</b>                                    | <b>13,414</b>     | <b>(749)</b>   | <b>13,322</b> | <b>210</b>        | <b>13,532</b> |
| Actuarial gains / (losses), net of tax                                  | -                                             | -                 | (387)          | (387)         | -                 | (387)         |
| Currency translation differences                                        | -                                             | -                 | (246)          | (246)         | -                 | (246)         |
| <b>Net income / (loss) recognized directly in equity</b>                | <b>657</b>                                    | <b>13,414</b>     | <b>(1,382)</b> | <b>12,689</b> | <b>210</b>        | <b>12,899</b> |
| Profit for the nine month period                                        | -                                             | 920               | -              | 920           | -                 | 920           |
| <b>Total recognized income and expense for the nine-month period</b>    | <b>657</b>                                    | <b>14,334</b>     | <b>(1,382)</b> | <b>13,609</b> | <b>210</b>        | <b>13,819</b> |
| Dividend paid relating to 2005                                          | -                                             | (602)             | -              | (602)         | -                 | (602)         |
| <b>Balance at September 30, 2006</b>                                    | <b>657</b>                                    | <b>13,732</b>     | <b>(1,382)</b> | <b>13,007</b> | <b>210</b>        | <b>13,217</b> |
| <b>Balance at January 1, 2007</b>                                       | <b>657</b>                                    | <b>15,064</b>     | <b>(1,210)</b> | <b>14,511</b> | <b>112</b>        | <b>14,623</b> |
| Currency translation differences                                        | -                                             | -                 | 530            | 530           | -                 | 530           |
| Change in fair value of financial assets available for sale, net of tax | -                                             | -                 | 122            | 122           | -                 | 122           |
| Employee share based compensation (see Note 11)                         | -                                             | -                 | 1,008          | 1,008         | -                 | 1,008         |
| Actuarial gains / (losses), net of tax (see Note 9)                     | -                                             | -                 | (105)          | (105)         | -                 | (105)         |
| <b>Net income / (loss) recognized directly in equity</b>                | <b>657</b>                                    | <b>15,064</b>     | <b>345</b>     | <b>16,066</b> | <b>112</b>        | <b>16,178</b> |
| Profit for the nine-month period                                        | -                                             | 5,294             | -              | 5,294         | 26                | 5,320         |
| <b>Total recognized income and expense for the nine month period</b>    | <b>657</b>                                    | <b>20,358</b>     | <b>345</b>     | <b>21,360</b> | <b>138</b>        | <b>21,498</b> |
| Paid in capital                                                         | -                                             | 24,677            | -              | 24,677        | -                 | 24,677        |
| Share capital increase                                                  | 254                                           | -                 | -              | 254           | -                 | 254           |
| Dividend declared relating to 2006                                      | -                                             | (602)             | -              | (602)         | -                 | (602)         |
| <b>Balance at September 30, 2007</b>                                    | <b>911</b>                                    | <b>44,433</b>     | <b>345</b>     | <b>45,689</b> | <b>138</b>        | <b>45,827</b> |

The accompanying notes to the financial statements form an integral part of these consolidated interim financial statements



**Foraco International S.A.**  
**Unaudited condensed consolidated interim financial statements as of September 30, 2007**

**Unaudited condensed consolidated interim cash flow statement**

|                                                                                                                                     | September 30,<br>2007 | September 30,<br>2006 |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Cash flows from operating activities</b>                                                                                         |                       |                       |
| Profit for the period                                                                                                               | 5,320                 | 920                   |
| Adjustments for :                                                                                                                   |                       |                       |
| - Depreciation, amortization and impairment                                                                                         | 3,802                 | 1,836                 |
| - Changes in non-current portion of provisions and other liabilities                                                                | (180)                 | (156)                 |
| - Income tax expenses                                                                                                               | 2,318                 | 235                   |
| - (Gain) / loss on sale and disposal of assets                                                                                      | (22)                  | (40)                  |
| - Share of (profit) / loss from associates                                                                                          | (94)                  | -                     |
| - Changes in items recognized directly in equity with an impact on (i) the profit for the period or (ii) cash and cash equivalents: |                       |                       |
| Financial assets available for sale                                                                                                 | 174                   | -                     |
| Share based compensation expenses (see Note 11)                                                                                     | 1,008                 | -                     |
| - Finance costs, net                                                                                                                | 948                   | 400                   |
| <b>Cash generated from operations before changes in operating assets and liabilities</b>                                            | <b>13,274</b>         | <b>3,195</b>          |
| Changes in operating assets and liabilities:                                                                                        |                       |                       |
| - Inventories                                                                                                                       | 326                   | (1,791)               |
| - Trade accounts receivable and related current liabilities                                                                         | (4,280)               | (2,242)               |
| - Trade accounts payable and related current assets                                                                                 | 2,151                 | 1,390                 |
| <b>Cash generated from operations</b>                                                                                               | <b>11,471</b>         | <b>552</b>            |
| - Interest paid                                                                                                                     | (711)                 | (341)                 |
| - Income tax paid                                                                                                                   | (1,644)               | (161)                 |
| <b>Net cash flow from operating activities</b>                                                                                      | <b>9,116</b>          | <b>50</b>             |
| <b>Cash flows from investing activities</b>                                                                                         |                       |                       |
| Purchase of property, plant and equipment                                                                                           | (4,023)               | (2,251)               |
| Acquisition of the net assets of Connors Drilling Ltd                                                                               | (6,566)               | -                     |
| Deposit on escrow account relating to Connors' acquisition                                                                          | (799)                 | -                     |
| Proceeds from sale of PPE                                                                                                           | 30                    | 49                    |
| Changes in other current and non-current assets (excluding operating assets)                                                        | 84                    | 18                    |
| <b>Net cash used in investing activities</b>                                                                                        | <b>(11,274)</b>       | <b>(2,184)</b>        |
| <b>Cash flows from financing activities</b>                                                                                         |                       |                       |
| Proceeds from insurance of common shares, net of directly attributable costs (see Note 15)                                          | 23,910                | -                     |
| Proceeds from issuance of borrowings, net of issuance costs                                                                         | 8,731                 | 989                   |
| Repayments of borrowings                                                                                                            | (10,474)              | (1,298)               |
| Net increase / (decrease) in bank overdrafts and short-term loans                                                                   | (687)                 | 1,622                 |
| Dividends paid to Company's shareholders                                                                                            | (1,127)               | (77)                  |
| Dividends paid to minority interests                                                                                                | (15)                  | (13)                  |
| <b>Net cash used in financing activities</b>                                                                                        | <b>20,338</b>         | <b>1,223</b>          |
| <b>Exchange differences on cash and cash equivalents</b>                                                                            | <b>(25)</b>           | <b>-</b>              |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                                                                       | <b>18,155</b>         | <b>(911)</b>          |
| Cash and cash equivalents at beginning of the period                                                                                | 3,313                 | 3,382                 |
| <b>Cash and cash equivalents at end of the period</b>                                                                               | <b>21,468</b>         | <b>2,471</b>          |

(\*) Excluding acquisition financed through capital leases

- 458

The accompanying notes to the financial statements form an integral part  
of these consolidated interim financial statements



## **Selected notes to the unaudited condensed consolidated interim financial statements**

### **1. Basis of preparation**

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. All material intercompany balances have been eliminated. Because all the disclosures required by IFRS are not included, these interim statements should be read in conjunction with the audited financial statements in the Company's annual report for the year ended December 31, 2006. The statements of income for the periods presented are not necessarily indicative of results expected for any future period, nor for the entire year.

Except otherwise stated, all amounts are presented in thousands of euros, which is the functional currency of the Group.

### **2. Accounting policies and new accounting pronouncements**

The accounting policies have been consistently applied with those of the annual financial statements for the year ended December 31, 2006, as described in the annual financial statements for the year ended December 31, 2006.

Certain new standards and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning after July 1, 2007 or later periods.

#### ***New standard which the Company has not early adopted:***

- IFRS 8, Operating segments (effective for annual periods beginning on or after January 1, 2009): IFRS 8 replaces IAS 14, Segment Reporting and requires an entity to report financial and descriptive information about its reportable segments. IFRS 8 differs in certain areas from IAS 14 such as the identification of operating segments based on internal reports that are regularly reviewed by the entity's management in order to allocate resources to the segment and assess its performance, the amount of each operating segment item reported to be the measure reported to the management for the purposes of allocating resources to the segment and assessing its performance and the reportable segment disclosures.

#### ***New interpretations which are not applicable to the operations of the Company:***

- IFRIC 11, Group and Treasury Share Transactions (effective for annual periods beginning on or after March 1, 2007)
- IFRIC 12, Service Concession Arrangements (effective for annual periods beginning on or after January 1, 2008)
- IFRIC 13 Customer Loyalty Programmes (effective for annual periods beginning on or after July 1, 2008).

**Unaudited condensed consolidated interim financial statements**

- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2008).

*New interpretations and standards which are applicable to the operations of the Company but which have no material effect on the condensed consolidated interim financial statements as of June 30, 2007:*

- IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from January 1, 2007). This standard will be applied for disclosures provided in annual financial statements as of December 31, 2007
- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006): IFRIC 10 addresses the recognition and reversal in subsequent annual period of impairment losses on goodwill and certain financial assets recognized the context of interim financial statement prepared under IAS 34, Interim Financial Reporting. The Group has not recognized any impairment loss as of June 30, 2007.

**2.1. Intangible assets**

Following the acquisition of the net assets of Connors Drilling Ltd, the Company recognized certain intangible assets as part of the purchase price allocation (see Note 6).

**(a) Trademarks**

Acquired trademarks are shown at acquisition cost. Trademarks have a finite useful life and are carried at cost less accumulated amortization. In the context of the acquisition of the Canadian operations of Connors Drilling Ltd, the right to use the trademark 'Connors' has been granted to the Company for a 20 month period. Amortization of the Connors trademark is calculated using the straight-line method over its estimated useful life of 20 months. Trademarks are presented within “Other intangible assets”.

**(b) Customer relationships**

Customer relationships correspond to order backlog and customer contracts recognized in the context of business combination at the date of acquisition. For each component of customer contractual relationships, (i) a signed drilling contract, (ii) an expected revenue and (iii) an expected margin are identified. Following the date of acquisition when the corresponding drilling contract starts, the customer contractual relationship identified at the date of acquisition and recognized as an intangible asset is credited to cost of sales so as to amortize the intangible asset based on the revenue earned. When applicable, an impairment test is performed if the drilling contract is no longer likely to occur, or if the expected profitability of a given future transaction is lower than anticipated. No impairment loss has been recognized to date. Customer relationships are presented within “Other intangible assets”.

### **2.3. Share-based compensation**

During the period, the Company entered into certain share-based compensation plans (see Note 11 and 15). The fair value of the employee or third party services received in exchange for the grant of the shares is recognised as an expense, with a corresponding adjustment to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instrument granted. The plans operated by the Company do not include any market vesting conditions. At each balance sheet date, the Company will revise its estimates of the number of shares that are expected to vest. The Company will recognise the impact of the revision of original estimates, if any, in the income statement.

### **2.4. Income tax**

The income tax expense is recognised based on the management's best estimate of the average annual income tax rate expected for the full financial year on a tax jurisdiction by tax jurisdiction basis.

### **2.5. Seasonal fluctuations**

The Company experiences seasonality in the activity depending upon drilling conditions of each project and country where the Company operates, with peak activity in the second and third quarters of the year. As a result of these seasonal fluctuations, the Company's cash flows from operations and revenue are not evenly distributed between quarters throughout the year.

## **3. Financial Risk management**

The Company is exposed to a variety of financial risks through its activity: currency risk, cash transfer restriction, interest rate / re-investment risk, financial counter-party risk and credit risk.

Following the Group expansion in Canada, a portion of the cash flows is now denominated in Canadian dollars. Canadian operations are not exposed to currency fluctuations as all revenues and costs are generated in Canadian dollars.

## **4. Segment information**

The two segments "Mining & energy" and "Water, environmental & infrastructure" identified in the tables below correspond to the new business segments in which the Company reports its financial information since the second quarter of 2007. Management believes that this new identification of segments provides a better understanding of current performance and trends in the context of the expansion of Company's operations. Prior period segment information presented for comparative purposes has been restated to reflect

this new identification of segments. Geographical segment information remains unchanged.

The business segment information for the three month period ended September 30, 2007 and 2006 is as follows:

| Three-month period ended        | Water,<br>environmental &<br>infrastructure |       | Mining & energy |       | Group         |              |
|---------------------------------|---------------------------------------------|-------|-----------------|-------|---------------|--------------|
|                                 | September 30,                               |       | September 30,   |       | September 30, |              |
|                                 | 2007                                        | 2006  | 2007            | 2006  | 2007          | 2006         |
| Net Sales                       | 3,454                                       | 4,356 | 16,968          | 3,255 | 20,422        | 7,610        |
| Operating profit                | 188                                         | (77)  | 3,461           | 91    | 3,648         | 14           |
| Finance costs                   | n/a                                         | n/a   | n/a             | n/a   | (366)         | (135)        |
| <b>Profit before income tax</b> | n/a                                         | n/a   | n/a             | n/a   | <b>3,282</b>  | <b>(121)</b> |
| Income tax expense              | n/a                                         | n/a   | n/a             | n/a   | (896)         | 29           |
| <b>Profit for the period</b>    | n/a                                         | n/a   | n/a             | n/a   | <b>2,386</b>  | <b>(92)</b>  |

The business segment information for the nine month period ended September 30, 2007 and 2006 is as follows:

| Nine-month period ended         | Water,<br>environmental &<br>infrastructure |        | Mining & energy |       | Group         |              |
|---------------------------------|---------------------------------------------|--------|-----------------|-------|---------------|--------------|
|                                 | September 30,                               |        | September 30,   |       | September 30, |              |
|                                 | 2007                                        | 2006   | 2007            | 2006  | 2007          | 2006         |
| Net Sales                       | 15,439                                      | 15,511 | 39,552          | 8,701 | 54,991        | 24,212       |
| Operating profit                | 2,201                                       | 693    | 6,386           | 862   | 8,587         | 1,555        |
| Finance costs                   | n/a                                         | n/a    | n/a             | n/a   | (948)         | (400)        |
| <b>Profit before income tax</b> | n/a                                         | n/a    | n/a             | n/a   | <b>7,638</b>  | <b>1,155</b> |
| Income tax expense              | n/a                                         | n/a    | n/a             | n/a   | (2,318)       | (235)        |
| <b>Profit for the period</b>    | n/a                                         | n/a    | n/a             | n/a   | <b>5,320</b>  | <b>920</b>   |

Corporate costs and overheads are allocated to each business segment based on their revenue. This approach is considered by management to be a reasonable basis for determining the attributable costs of the respective segment.

The following is a summary of sales to external customers by geographic area for the three month period ended September 30, 2007 and 2006:

**Foraco International S.A.**  
**Unaudited condensed consolidated interim financial statements**

12

| <b>Three month period ended</b> | <b>September 30, 2007</b> | <b>September 30, 2006</b> |
|---------------------------------|---------------------------|---------------------------|
| Africa                          | 7,634                     | 4,050                     |
| Europe                          | 2,047                     | 1,653                     |
| Asia, Pacific                   | 1,818                     | 1,907                     |
| America                         | 8,923                     | -                         |
| <b>Net sales</b>                | <b>20,422</b>             | <b>7,610</b>              |

The following is a summary of sales to external customers by geographic area for the nine month period ended September 30, 2007 and 2006:

| <b>Nine month period ended</b> | <b>September 30, 2007</b> | <b>September 30, 2006</b> |
|--------------------------------|---------------------------|---------------------------|
| Africa                         | 26,455                    | 16,852                    |
| Europe                         | 4,418                     | 2,835                     |
| Asia, Pacific                  | 5,249                     | 4,525                     |
| America                        | 18,869                    | -                         |
| <b>Net sales</b>               | <b>54,991</b>             | <b>24,212</b>             |

**5. Property, plant and equipment**

Property, plant and equipment (PPE) consists of the following:

|                                                                           | Land &<br>Buildings | Drilling<br>equipment &<br>tools | Automotive<br>equipment | Office furniture &<br>other equipment | Total         |
|---------------------------------------------------------------------------|---------------------|----------------------------------|-------------------------|---------------------------------------|---------------|
| <b>As of December 31, 2006</b>                                            |                     |                                  |                         |                                       |               |
| Opening net book amount                                                   | 1,179               | 5,547                            | 1,055                   | 142                                   | 7,923         |
| Additions                                                                 | 273                 | 4,718                            | 1,167                   | 68                                    | 6,226         |
| Disposals or retirements                                                  | -                   | (35)                             | (57)                    | (2)                                   | (94)          |
| Depreciation charge                                                       | (79)                | (1,771)                          | (731)                   | (64)                                  | (2,644)       |
| <b>Closing net book value</b>                                             | <b>1,373</b>        | <b>8,459</b>                     | <b>1,434</b>            | <b>144</b>                            | <b>11,411</b> |
| <b>As of December 31, 2006</b>                                            |                     |                                  |                         |                                       |               |
| Cost                                                                      | 1,889               | 18,872                           | 3,995                   | 923                                   | 25,680        |
| Accumulated depreciation                                                  | (516)               | (10,413)                         | (2,561)                 | (779)                                 | (14,269)      |
| <b>Net book value</b>                                                     | <b>1,373</b>        | <b>8,459</b>                     | <b>1,434</b>            | <b>144</b>                            | <b>11,411</b> |
| <i>Including:</i>                                                         |                     |                                  |                         |                                       |               |
| <i>PPE under finance lease contracts, gross</i>                           | 893                 | 3,657                            | 1,133                   | -                                     | 5,683         |
| <i>PPE under finance lease contracts, accumulated depreciation</i>        | (610)               | (908)                            | (571)                   | -                                     | (2,089)       |
| <b>Net book value of PPE under finance lease as of December 31, 2006</b>  | <b>283</b>          | <b>2,749</b>                     | <b>562</b>              | <b>-</b>                              | <b>3,594</b>  |
| <b>As of September 30, 2007</b>                                           |                     |                                  |                         |                                       |               |
| Opening net book amount                                                   | 1,373               | 8,459                            | 1,434                   | 144                                   | 11,411        |
| Additions                                                                 | 102                 | 3,221                            | 611                     | 89                                    | 4,023         |
| Exchange differences                                                      | 81                  | 177                              | 37                      | 4                                     | 299           |
| Disposals or retirements                                                  |                     |                                  | (22)                    |                                       | (22)          |
| Transfer to Assets classified as held for sale                            | (764)               | -                                | -                       | -                                     | (764)         |
| Acquisition of subsidiary (Note 6)                                        | 913                 | 1,577                            | 74                      | 12                                    | 2,576         |
| Depreciation charge                                                       | (136)               | (2,488)                          | (524)                   | (57)                                  | (3,205)       |
| <b>Closing net book value</b>                                             | <b>1,569</b>        | <b>10,946</b>                    | <b>1,610</b>            | <b>192</b>                            | <b>14,318</b> |
| <i>Including:</i>                                                         |                     |                                  |                         |                                       |               |
| <i>PPE under finance lease contracts, gross</i>                           | -                   | 3,813                            | 778                     | -                                     | 4,591         |
| <i>PPE under finance lease contracts, accumulated depreciation</i>        | -                   | (1,343)                          | (431)                   | -                                     | (1,774)       |
| <b>Net book value of PPE under finance lease as of September 30, 2007</b> | <b>-</b>            | <b>2,470</b>                     | <b>347</b>              | <b>-</b>                              | <b>2,817</b>  |

The depreciation expense of PP&E and the amortization expense of intangible assets have been charged to the income statement as follows:

| <b>Three month period ended</b>            | <b>September 30, 2007</b> | <b>September 30, 2006</b> |
|--------------------------------------------|---------------------------|---------------------------|
| Cost of sales                              | 1302                      | 706                       |
| General & administrative expenses          | 16                        | 16                        |
| <b>Total depreciation and amortization</b> | <b>1,318</b>              | <b>722</b>                |

| <b>Nine month period ended</b>             | <b>September 30, 2007</b> | <b>September 30, 2006</b> |
|--------------------------------------------|---------------------------|---------------------------|
| Cost of sales                              | 3754                      | 1788                      |
| General & administrative expenses          | 48                        | 48                        |
| <b>Total depreciation and amortization</b> | <b>3,802</b>              | <b>1,836</b>              |

## 6. Goodwill

Goodwill can be analyzed as follows:

| <b>Period ended</b>                 | <b>September 30, 2007</b> | <b>December 31, 2006</b> |
|-------------------------------------|---------------------------|--------------------------|
| <b>Goodwill at period beginning</b> | <b>1,914</b>              | <b>1,914</b>             |
| Additions                           | 2,206                     | -                        |
| Purchase price adjustments          | -                         | -                        |
| Impairment loss                     | -                         | -                        |
| Exchange differencies               | 186                       | -                        |
| <b>Goodwill at period ending</b>    | <b>4,306</b>              | <b>1,914</b>             |

### *Business Combination*

The Company acquired a substantial amount of the Canadian assets of Connors Drilling Ltd., a surface and underground diamond drilling company, through an asset deal on February 1, 2007. The net purchase consideration paid in relation to this acquisition and the related goodwill amounted to €6,566 thousand and €2,206 thousand, respectively.

The additional depreciation and amortization expenses recognized in the income statement resulting from the purchase price allocation for the three month and the nine month period ended September 30, 2007 amounted to €145 thousand and €595 thousand, respectively.

In accordance with the Asset Purchase Agreement, the final purchase price consideration paid in relation to this acquisition has been determined based on a formula taking into account the average net asset acquired. The Company is currently in discussion with the seller which may trigger a reduction in the purchase price consideration.

## 7. Inventories

Inventories consist of the following:

| <b>Period ended</b>                | <b>September 30, 2007</b> | <b>December 31, 2006</b> |
|------------------------------------|---------------------------|--------------------------|
| Spare parts and consumables, gross | 12,318                    | 11,529                   |
| Less inventory allowance           | (197)                     | (448)                    |
| <b>Inventories, net</b>            | <b>12,121</b>             | <b>11,081</b>            |

## 8. Borrowings

Financial debt consists of the following:

| <b>Period ended</b>                                | <b>September 30, 2007</b> | <b>December 31, 2006</b> |
|----------------------------------------------------|---------------------------|--------------------------|
| <b>Non-current</b>                                 |                           |                          |
| Other bank financings                              | 1,577                     | 1,352                    |
| Capital lease obligations                          | 1,297                     | 1,978                    |
| Bank loan financing the acquisition of Boniface    | -                         | 16                       |
| Other debt linked to the acquisition of Boniface   | 80                        | 80                       |
| Bank loan financing the acquisition of Geomechanik | -                         | 442                      |
|                                                    | <b>2,954</b>              | <b>3,868</b>             |
| <b>Current</b>                                     |                           |                          |
| Bank overdrafts                                    | 5,885                     | 6,572                    |
| Other bank liabilities                             | 760                       | 661                      |
| Capital lease obligations                          | 784                       | 974                      |
| Bank loan financing the acquisition of Boniface    | 44                        | 170                      |
| Bank loan financing the acquisition of Geomechanik | -                         | 443                      |
|                                                    | <b>7,473</b>              | <b>8,820</b>             |

As of September 30, 2007, maturity of financial debt can be analyzed as follows:

| <b>Maturity</b>                               | <b>Less than one year</b> | <b>One to five years</b> | <b>Over five years</b> | <b>Total</b>  |
|-----------------------------------------------|---------------------------|--------------------------|------------------------|---------------|
| Bank overdraft                                | 5,885                     | -                        | -                      | 5,885         |
| Bank financing                                | 760                       | 1,577                    | -                      | 2,337         |
| Capital lease obligations                     | 784                       | 1,297                    | -                      | 2,081         |
| Bank loans and debts relating to acquisitions | 44                        | 80                       | -                      | 124           |
| <b>Total financial debt</b>                   | <b>7,473</b>              | <b>2,954</b>             | <b>-</b>               | <b>10,427</b> |

On August 10, 2007 the Company repaid the outstanding balance of the borrowing relating to the acquisition of Connors and Boniface for approximately €7.9 million.

Unused credit facilities amount to €10,281 thousand as of September 30, 2007.

## 9. Provisions

Provisions comprise the following elements:

|                                                          | <b>Pension &amp; retirement<br/>indemnities provision</b> | <b>Other provisions</b> | <b>Total</b> |
|----------------------------------------------------------|-----------------------------------------------------------|-------------------------|--------------|
| <b>At January 1, 2007</b>                                | <b>2,995</b>                                              | -                       | <b>2,995</b> |
| Charged to consolidated income statement                 |                                                           | -                       |              |
| - Addition to provisions                                 | 112                                                       | -                       | 112          |
| - Unused amounts reversed                                | -                                                         | -                       | -            |
| Used during period                                       | (228)                                                     | -                       | (228)        |
| Actuarial gains and losses recognized directly in Equity | 105                                                       | -                       | 105          |
| <b>At September 30, 2007</b>                             | <b>2,984</b>                                              | -                       | <b>2,984</b> |
| <i>of which non-current portion</i>                      | <i>2,621</i>                                              | -                       | <i>2,621</i> |
| <i>of which current portion</i>                          | <i>363</i>                                                | -                       | <i>363</i>   |

The provision relating to French retirement indemnities amounts to €269 thousand as of September 30, 2007. The pension obligation relating to the Company's subsidiary Geomechanik is neither funded nor covered by pension plan assets and consists of the following:

| <b>Period ended</b>                                                | <b>September 30, 2007 (9<br/>months period)</b> | <b>December 31, 2006<br/>(12 months period)</b> |
|--------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| <b>Projected benefit obligation at the beginning of the period</b> | <b>2,726</b>                                    | <b>2,212</b>                                    |
| Pension benefits paid over the period                              | (228)                                           | (275)                                           |
| Interests accrued on pension obligations                           | 64                                              | 106                                             |
| Actuarial (gains) and losses recognized in Equity                  | 75                                              | 683                                             |
| <b>Projected benefit obligation at the end of the period</b>       | <b>2,637</b>                                    | <b>2,726</b>                                    |

## 10. Reorganization and non-current assets held for sale

In early October 2007 (see Note 16), the Company completed a reorganization programme whereby its property and premises located in Lunel (France) and Woringen (Germany), and certain obligations under a defined benefit pension plan relating to its subsidiary Geomechanik (see Note 9) were transferred to a non-consolidated entity owned and co-managed by two of the directors and current shareholders of Foraco.

The carrying amount of property and premises that have been transferred subsequent to the September 30, 2007 closing have been classified as of September 30, 2007 as "Non-current assets classified as held for sale". Following the close of these transactions the premises in Woringen and Lunel are leased back to the Company at market rates (these leases will be entered into following the close of the transactions). The lease in respect of the premises in

Woringen, Germany is for a term of two years, with an annual rent of €20 thousand. The lease in respect of the premises in Lunel is for a term of nine years, with an annual rent of € 181 thousand. The Company benefits from an option to terminate the lease for the premises in Lunel at the end of the sixth and ninth year of the tenancy. These leases are renewable.

These transactions will result in a net loss of €0.3 million in the fourth quarter of 2007.

## **11. Share based compensation**

### Share based compensation directly related to the Initial Public Offering

In June 2007, 520 common shares - before the effect of share split - have been issued to the benefit of certain directors (see Note 15). This issuance is treated as share based compensations as these shares have been issued at a price amounting to less than the fair value. The Company recognized an expense amounting to €781 thousand corresponding to the difference between the issue price of these shares and their fair value (deemed to be the share price at Initial Public Offering date).

In August 2007, in accordance with the provision of the underwriting agreement, 833,350 warrants to be converted into common shares of the Company were issued for no compensation to the benefit of Research Capital Corporation. This issuance is treated as share based compensations as these shares have been issued at a price amounting to less than the fair value. These warrants vest immediately. The fair value of warrants has been determined using a Black and Scholes option pricing model with the following assumptions:

- Conversion rate                      one common share for one warrant
- Strike price                              2.40 Can\$
- Fair value at grant date              2.40 Can\$ (share price at Initial Public Offering date)
- Expected volatility                      37.0%
- Risk free interest rate                4.7%
- Expected exercise period            9 months

The Company recognized an expense amounting to €202 thousand in the third quarter, corresponding to the fair value of these warrants.

These non cash, non recurring share based compensations have been disclosed in a separate line item of the income statement “Share based compensation granted as part of the Initial Public Offering”.

Share based compensation expenses recognized in the income statement are as follows:

|                                                                  | <b>Three-month period<br/>ended</b> | <b>Nine-month period<br/>ended</b> |
|------------------------------------------------------------------|-------------------------------------|------------------------------------|
|                                                                  | <b>September 30, 2007</b>           |                                    |
| Common shares to the benefit of certain directors issued in 2007 | -                                   | 781                                |
| Warrants issued for the benefit of IPO agent                     | 202                                 | 202                                |
| <b>Total share based compensation expense</b>                    | <b>202</b>                          | <b>983</b>                         |

Other share based payment transaction with employees

According to the authorization given by the ordinary and extraordinary general meeting of shareholders held in June 2007, the board of directors of the Company issued under its share plan 512,000 common shares to employees for no consideration.

These free stock award plans with employees are within the scope of IFRS 2, Share-based payment as they are issued at a price that is less than the fair value of those equity instruments. From grant date, the Company will amortize over the corresponding vesting period the fair value of the free common shares granted to employees.

From an accounting standpoint, the main provisions of this share plan are as follows:

- Number of free shares issued 512,000
- Vesting period for the French plan 2 years
- Vesting period for the International plan 4 years
- Fair value of common shares at grant date Can\$ 2.70
- Anticipated turnover 5.0% per year

As of September 30, 2007 the impact of these non cash share based compensations amounts to € 25 thousand and is presented within “Cost of sale” or “General and administrative expenses”.

The total non-cash effect of share based compensations presented in the statement of cash flows amounts to €1,008 thousand for the nine-month period ending September 30, 2007.

**12. Expenses by nature**

Operating expenses / (income), net by nature are as follows:

|                                                                          | <u>Three-month<br/>period ended</u> | <u>Nine-month<br/>period ended</u> | <u>Three-month<br/>period ended</u> | <u>Nine-month<br/>period ended</u> |
|--------------------------------------------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
|                                                                          | <u>September 30, 2007</u>           |                                    | <u>September 30, 2006</u>           |                                    |
| Depreciation, amortization and impairment charges                        | (1,318)                             | (3,802)                            | (722)                               | (1,836)                            |
| Accruals increases / (reversals)                                         | (291)                               | (240)                              |                                     | 37                                 |
| Raw materials, consumables used and external charges                     | (8,800)                             | (25,943)                           | (4,001)                             | (13,832)                           |
| Employee benefit expense                                                 | (5,903)                             | (14,755)                           | (2,567)                             | (6,299)                            |
| Other tax expense                                                        | (290)                               | (793)                              | (234)                               | (632)                              |
| Share of profit / (loss) from associates                                 | -                                   | 94                                 | -                                   | -                                  |
| Other operating expenses, net                                            | 30                                  | 18                                 | -                                   | (22)                               |
| Share based compensations granted as part of the initial public offering | (202)                               | (983)                              | -                                   | -                                  |
| <b>Total operating expenses</b>                                          | <b>(16,774)</b>                     | <b>(46,404)</b>                    | <b>(7,524)</b>                      | <b>(22,584)</b>                    |

### **13. Commitments and contingencies**

The guarantees given are the following:

| <b>Period ended</b>                                   | <b>September<br/>30, 2007</b> | <b>December 31,<br/>2006</b> |
|-------------------------------------------------------|-------------------------------|------------------------------|
| Bid bonds                                             | 720                           | 698                          |
| Advance payment guarantees and performance guarantees | 8,688                         | 10,261                       |
| Retention guarantees                                  | 3,068                         | 2,109                        |
| Financial guarantees                                  | 1,421                         | 1,385                        |
| <b>Total</b>                                          | <b>13,897</b>                 | <b>14,453</b>                |

Since 2004, the Company launched an arbitration process against a former customer Codelco, a Chilean state owned company. This dispute arose following the breach of the provisions of a drilling contract relating to the period 2002 and 2003. In late 2006, the arbitrator issued a first conciliation proposal whereby Codelco is required to indemnify the Company for an amount approximating US\$ 2.5 million. This proposal has not been accepted by the parties and the arbitration process is still ongoing. At this stage, the management can not make any reliable estimate of the future outcome of this arbitration.

In the context of the acquisition of the Company Boniface which took place in 2000, the Company was granted a guarantee on assets acquired and liabilities assumed. The guarantee relating to potential new liabilities no longer applies. Management considers the risk that such a liability should arise remote. Under certain specified circumstances, the Company may be required to repay the vendors amounts received in excess of the acquired assets resulting in no impact on net income for the Company.

Generally, the Company is subject to legal proceedings, claims and legal actions arising during the ordinary course of business. The Company's management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

### **14. Related-party transactions**

The Company entered into a reorganization programme (see Note 10) and issued additional common shares (see Note 11 and 15) which involve related parties.

Banque de Vizille, one of the shareholders of the Company, is a subsidiary of group CM-CIC. A subsidiary of group CM-CIC, CIC Bonnasse Lyonnaise de Banque, is also one of the bank with whom the Company holds a current account. Bank fees paid to Bonnasse Lyonnaise de Banque amounted to €38 thousand for the first nine month period of 2007, including €12 thousand for the third three month period ended September 30, 2007. The Company made lease payments to the same bank for an amount of €149 thousand for the first nine month period of 2007, including €50 thousand for the third three month period ending September 30, 2007.

Key Management compensations for the nine month period as of September 30, 2007 amount to €360 thousand.

## **15. Operations related to share capital**

### **15.1. Initial Public Offering**

#### *Description of the offering*

On July 23, 2007, the Company filed a final prospectus with the securities regulatory authorities in each of the provinces of Canada in connection with the Company's IPO of common shares and a secondary offering by certain shareholders of the Company.

On August 2, 2007 the Company completed its Initial Public Offering (IPO) of 14,040,870 common shares at a price of CAN\$2.40 per share. In conjunction with the completion of the IPO, certain selling shareholders of the Company have sold an aggregate of 520,000 common shares of the Company at a price of CAN\$2.40 per share for gross proceeds to the selling shareholders of CAN\$1,248,000.

On August 20, 2007 the underwriter exercised its over allotment options at Can\$ 2.40 for 2,106,130 common shares.

After these transactions, the share capital amounted to €911 thousand and the outstanding and issued common shares became 59,743,000.

The reconciliation of the gross proceeds to the net proceeds to the Company summarized as follows:

|                                                                       | <b>In thousands<br/>of Can\$ <sup>(1)</sup></b> |
|-----------------------------------------------------------------------|-------------------------------------------------|
| Gross proceeds from the treasury offering, 16,147,000 at CAN\$2.40    | 38,753                                          |
| Agents fees corresponding to 7% of the gross proceeds of the offering | (2,713)                                         |
| Expenses of the offering                                              | (1,668)                                         |
| <b>Net proceeds to the Company</b>                                    | <b>34,372</b>                                   |

*(1) Conversion rate from the euro the Canadian dollars at the date of the closing of each offering.*

The net proceeds arising from the IPO was used by the Company to retire existing indebtedness of the Company. The remaining balance will be used to expand the business by way of strategic acquisitions or through organic growth and for general corporate purposes.

The Company's common shares have commenced trading on the Toronto Stock Exchange, Canada, under the symbol "FAR".

#### *Accounting considerations*

Incremental costs that are directly attributable to the issuance of shares and that would not have been incurred if the Company had not issued such shares, were reported as a reduction of the amounts paid-in. Incremental costs generally include agents fees and other external costs directly attributable, but exclude internal costs and marketing costs, including those related to the road show, which were recorded within net profit. As of

September 30, 2007 costs relating to the offering amounting to € 3,051 thousand were accounted against the paid in capital.

In addition, as none of the offering costs were borne by the selling shareholders, transaction costs estimated to be allocated to them based on a prorate of total costs over the total proceed of the offering have been recorded within net profit for €60 thousand during the third quarter 2007.

### **15.2. Earning per share calculation**

For the nine month period ended September 30, 2007, the weighted basic average number of shares was of 46,570,682 shares. For the three month period ended September 30, 2007, the weighted basic average number of shares was 53,762,628 shares.

For the nine month period ended September 30, 2007, the weighted average diluted number of shares was of 46,670,072 shares. For the three month period ended September 30, 2007, the weighted diluted average number of shares was 53,862,019 shares.

In 2006, weighted basic and diluted average number of shares was of 43,802,716 shares.

### **16. Events after the balance sheet date**

On October 4, 2007 the Company finalized the reorganization programme related to its properties and premises and certain obligations under a defined benefit pension plan (see Note 10).