

**NOVUS UK (INDONESIAN HOLDINGS) LIMITED**

**DIRECTORS' AND AUDITORS' REPORTS AND ACCOUNTS**

**31 December 2003**

**Registered Number 212729**



## **NOVUS UK (INDONESIAN HOLDINGS) LIMITED**

### **Directors' Report**

The Directors present their report and the audited group consolidated accounts for the year ended 31 December 2003.

#### **Principal Activity and Review of Business**

The principal activity of the group is that of an investment holding company with a 100% interest in Novus UK (Kakap) Limited, Novus UK (Kakap 2) Limited and Novus UK (Malacca Strait) Limited. The former two subsidiaries own interests in the Kakap Production Sharing Contract under which they are entitled to participate in oil and gas exploration and production projects.

During 2002, Novus UK (Malacca Strait) Limited sold its interest in the Malacca Strait PSC for an amount of \$6.494m. During 2003, the directors performed a review of the company to determine the nature of any business that the company may seek to undertake in future. The results of this review will be finalized on completion of the takeover of the ultimate parent undertaking, Novus Petroleum Limited, by Medco Energi International.

It is the intention of the directors of Novus UK (Indonesian Holdings) Limited that the above-noted business of the company will continue for the foreseeable future.

#### **KAKAP PSC**

##### **Production/Exploration**

The Kakap PSC, in the West Natuna Sea, continues to deliver steadily, although lower oil production remained evident during 2003. Production averaged 1,743 bopd (1,905 bopd in 2002), the decrease being a result of natural decline. The impact of this decline was offset by strong deliveries from the West Natuna Gas scheme which averaged a production rate of 1,931 boed, an increase on the 2002 average of 1,588 boed.

As in the prior year 2003 was a year of consolidation on the development efforts & costs associated with the West Natuna gas scheme & accordingly no exploration wells were drilled. Indeed the exploration effort centered on improving the existing knowledge base regarding the Kakap North area.

#### **MALACCA STRAIT PSC**

##### **Production/Exploration**

Effective 31 December 2002, Novus UK (Malacca Strait) Limited sold its interest in the Malacca Strait PSC for an amount of \$6.494m. During 2003 the directors performed a review of the company to determine the nature of any business that the company may seek to undertake in future.

The results of this review will be finalized upon completion of the takeover of the ultimate parent undertaking, Novus Petroleum Limited, by Medco Energi International.

## NOVUS UK (INDONESIAN HOLDINGS) LIMITED

### Directors' Report (continued)

#### Results

The group consolidated results for the year ended 31 December 2003 with comparatives for the year ended 31 December 2002 are summarised below:

	December 2003 US\$'000	December 2002 US\$'000
Turnover	33,913	47,392
Profit on ordinary activities before taxation	9,782	13,755
Tax on profit on ordinary activities	(4,661)	(5,563)
Profit for the year	5,121	8,192

#### Events since the balance sheet date

A takeover offer in respect of Novus Petroleum Limited was announced by PT Medco Energi International Tbk (Medco) of Jakarta, Indonesia. During 2004, Medco's takeover offer was successful and a change of control of Novus Petroleum occurred. Accordingly, the ultimate parent undertaking is now different to that which existed at 31 December 2003.

Subsequent to the Balance Sheet Date, and as a consequence of the sale of Novus Petroleum Limited to Medco Energi International, it was agreed that the Company would sell its entire shareholding in the wholly owned subsidiary, Novus UK (Kakap 2) Limited to Santos Limited with an effective date of 1 January 2004.

#### Dividends

During the year no dividends were paid or declared (2002:nil).

#### Fixed Assets

Changes in tangible fixed assets are shown in Note 10 to the accounts.

#### Likely Future Developments

There are no additional immediate developments that are likely to have a material impact on the operations of the Group although the Group is continually reviewing opportunities for growth and development. In the opinion of the Directors, further information on these evaluations may prejudice the interests of the Group if included in this report.

## **NOVUS UK (INDONESIAN HOLDINGS) LIMITED**

### **Directors' Report (continued)**

#### **Directors and their Interests**

The Directors who served during the year were:

James T. Hornabrook  
Keith J. Goodwin  
Robert C. Williams (resigned 9 July 2004)

None of the Directors had any interest in the shares of the Company at 31 December 2003 or at the date of signing this report.

Messrs. Williams and Hornabrook were Directors of Novus Petroleum Limited, the ultimate parent company at 31 December 2003, and accordingly their and their families' interests in the ordinary shares of that company are disclosed in its accounts.

#### **Creditor Payment Policy and Practice**

It is the policy of the Group and the Company that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2003, the group had an average of 45 days purchases outstanding in trade creditors.

#### **Auditors**

Ernst & Young LLP was re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.

By order of the Board



K. J. Goodwin  
Secretary  
34 South Molton Street  
LONDON W1K 5RG

October / , 2004

## **NOVUS UK (INDONESIAN HOLDINGS) LIMITED**

### **Statement of Directors' Responsibilities in Respect of the Accounts**

Company law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those accounts, the Directors are required to:

- \_ select suitable accounting policies and then apply them consistently;
- \_ make judgements and estimates that are reasonable and prudent;
- \_ prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVUS UK (INDONESIAN HOLDINGS) LIMITED**

We have audited the group's financial statements for the year ended 31 December 2003 which comprise Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

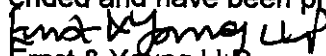
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 of the state of affairs of the company and of the group as at 31 December 2003 and the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young LLP  
Registered Auditor  
London

1 October 2004

**NOVUS UK (INDONESIAN HOLDINGS) LIMITED****Group Profit and Loss Account****For the Year Ended 31 December 2003**

	NOTES	2003 US\$'000	2002 US\$'000
Turnover	3	33,913	47,392
Cost of sales	5	(24,131)	(36,756)
		-	-
Gross Profit		9,782	10,636
Dry Hole Costs		-	(295)
		-	-
Operating Profit		9,782	10,341
Profit on ordinary activities before interest and tax		9,782	10,341
Profit on disposal of interest in Joint Venture		-	3,405
Bank interest and interest received from third parties		-	9
		-	-
Profit on ordinary activities before taxation		9,782	13,755
Taxation	9	(4,661)	(5,563)
		-	-
Profit for the year		5,121	8,192
Dividends		-	-
		-	-
Retained Profit for the year		5,121	8,192

The Group has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

The notes on pages 9 to 15 are an integral part of this profit and loss account.

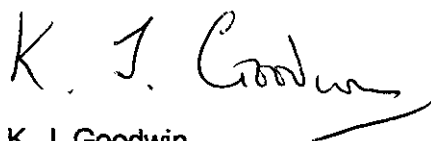
**NOVUS UK (INDONESIAN HOLDINGS) LIMITED**

**Group Balance Sheet**

**at 31 December 2003**

	NOTES	2003 US\$'000	2002 US\$'000
<b>Fixed Assets</b>			
Tangible assets	10	<u>46,663</u>	<u>53,358</u>
<b>Current Assets</b>			
Cash		2,399	978
Debtors	11	34,331	27,575
Stock	12	<u>1,394</u>	<u>1,238</u>
<b>Total Current Assets</b>		<u>38,124</u>	<u>29,791</u>
<b>Current Liabilities</b>			
Creditors - amounts falling due within one year	13	<u>(5,884)</u>	<u>(8,606)</u>
<b>Net Current Assets</b>		<u>32,240</u>	<u>21,185</u>
<b>Total Assets Less Current Liabilities</b>		78,903	74,543
Provisions for liabilities and charges	14	<u>(22,752)</u>	<u>(23,513)</u>
		<u>56,151</u>	<u>51,030</u>
Represented by:			
<b>Capital and Reserves</b>			
Called up share capital	15	171	171
Paid in capital	19	16,297	16,297
Profit and loss account	20	<u>39,683</u>	<u>34,562</u>
<b>Shareholders' Funds - equity interests</b>	21	<u>56,151</u>	<u>51,030</u>

Approved by the Board of Directors  
on October 1, 2004 and signed on its behalf by:



K. J. Goodwin  
Director

The notes on pages 9 to 15 are an integral part of this Balance Sheet.



**NOVUS UK (INDONESIAN HOLDINGS) LIMITED**

**Company Balance Sheet**

**at 31 December 2003**

	NOTES	2003 US\$'000	2002 US\$'000
<b>Fixed Assets</b>			
Investment in Subsidiaries	17	<u>26,515</u> 26,515	<u>26,515</u> 26,515
<b>Current Assets</b>			
Cash		4	29
Debtors	11	<u>-</u>	<u>38</u>
<b>Total Current Assets</b>		<u>4</u>	<u>67</u>
<b>Current Liabilities</b>			
Creditors - amounts falling due within one year	13	<u>(611)</u>	<u>(442)</u>
<b>Net Current Liabilities</b>		<u>(607)</u>	<u>(375)</u>
<b>Total Assets less Current Liabilities</b>		25,908	26,140
Provisions for Liabilities and Charges	14	<u>(711)</u> <u>25,197</u>	<u>(711)</u> <u>25,429</u>
Represented by:			
<b>Capital and Reserves</b>			
Called up share capital	15	171	171
Paid in capital	19	16,297	16,297
Profit and loss account	20	8,729	8,961
<b>Shareholders' Funds - equity interests</b>		<u>25,197</u>	<u>25,429</u>

Approved by the Board of Directors  
on October | , 2004 and signed on its behalf by:



K. J. Goodwin  
Director

The notes on pages 9 to 15 are an integral part of this Balance Sheet

## **NOVUS UK (INDONESIAN HOLDINGS) LIMITED**

### **Notes to the Group Consolidated Accounts**

#### **1) Principal Accounting Policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year is set out below.

##### **(a) Basis of preparation of accounts**

The accounts are prepared under the historical cost convention and in accordance with the applicable UK accounting standards. The group consolidated accounts contain the accounts of the Company after elimination of intercompany balances. The Company's interests in its wholly owned subsidiaries are fully consolidated. The accounts of the subsidiaries are prepared on an annual basis using consistent accounting policies. The Group has taken advantage of the exemption given in FRS 1 (Revised) "Cash Flow Statements" not to prepare a cash flow statement as a consolidated cash flow statement, which includes the cash flows of the Group, has been published by the Ultimate Parent Undertaking.

As permitted by Section 230 of Companies Act 1985, the Company's profit and loss account has not been included in these accounts. The amount of the Company loss for the year ended 31 December 2003, and the year ended 31 December 2002 included in the accounts of the group consolidated profit is US\$232 thousand and US\$237 thousand respectively.

In addition to the requirements of accounting standards, the accompanying financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities" issued by the Oil Industry Accounting Committee and updated 7 June 2001 (SORP), except the SORP recommends that oil and gas reserve quantities be disclosed. The directors have elected not to publish this information for the Company.

##### **(b) Joint Ventures**

The Group conducts the majority of its exploration, development and production activities in association with other companies under joint operating agreements. The accounts reflect the Group's share of the costs and revenues resulting from such joint activities.

##### **(c) Oil and Gas expenditure**

The successful efforts method of accounting is followed for costs incurred in oil and gas exploration and production operations.

**Capitalisation Policy** - Acquisition costs are capitalised when incurred. Exploration costs, including geological and geophysical costs and costs of carrying and retaining unproved properties, are charged to the profit and loss account as incurred. Exploratory drilling costs are capitalised initially; however, if it is determined that an exploratory well does not contain proved reserves, such capitalised costs are charged to expense, as dry hole costs, at that time. Development costs are capitalised. Costs incurred to operate and maintain wells and equipment and to lift oil and gas to the surface are generally expensed.

**Depreciation, Depletion and Amortisation** - All capitalised costs are depleted on a unit-of-production method based on proved reserves.

**Disposal of Fixed Assets** - Gains and losses on disposals of fixed assets are taken to the profit and loss account in the year in which they arise.

**Decommissioning Provision** - Costs incurred by the joint venture for exploration, development and production are generally recoverable from production of reserves under the terms of the Indonesian Production Sharing Contract. At the termination of the contract, possession of the equipment and facilities reverts to the Indonesian government. Therefore, no provision for decommissioning is made in the accounts.

## NOVUS UK (INDONESIAN HOLDINGS) LIMITED

### Notes to the Group Consolidated Accounts (continued)

#### (d) Deferred Taxation

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. Deferred tax is measured in an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### (e) Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences arising on re-translation are taken to the profit and loss account.

#### 2) Related Party Transactions

Certain services were provided by Novus Management Services Pty Limited, a related company. A service charge of US\$ 244,509 has been included in the group accounts to reflect the services provided by that company (year ended December 2002 US\$ 441,690).

#### 3) Operating Revenue

Sales of crude oil, which are stated net of value added tax are recorded on the entitlement method. When the company's share of production for a given period is greater than its entitlement, a royalty expense is recorded. When the volume of oil lifted is greater/(less) than the company's entitlement, a payable/(receivable) accrues.

Under the terms of the Kakap Production Sharing Contract, the Company is required to sell certain amounts of crude to the government of Indonesia at prices provided for in the contract. The Company has recorded revenue from such sales based on latest realised prices from sales of crude to third parties. During the financial year the group operated only in Indonesia and in one industry which consisted of exploration, development and production of crude oil, natural gas and associated liquids.

#### 4) Disposal of Interest in Joint Venture

During 2002, Novus UK (Malacca Strait) Limited sold its interest in the Malacca Straits PSC. On disposal, a profit of \$3.405m was realized. No tax is applicable to this profit.

#### 5) Cost of Sales

	Consolidated	
	2003	2002
	US\$'000	US\$'000
Operating Costs	8,415	12,188
Royalty Expense	7,367	15,257
Depreciation, depletion and amortisation	7,979	8,645
Other	370	666
	<u>24,131</u>	<u>36,756</u>

#### 6) Employee Information

The Company had no employees, other than directors, during 2003 and 2002.

# NOVUS UK (INDONESIAN HOLDINGS) LIMITED

## Notes to the Group Consolidated Accounts (continued)

### 7) Directors' Remuneration

The remuneration of the Directors for the year ended 31 December 2003 was as follows:

	2003		2002	
	Salary US\$'000	Fees US\$'000	Salary US\$'000	Fees US\$'000
R Williams	-	-	-	-
J Hornabrook	-	12	-	12
K Goodwin	16	-	28	-
	<u>16</u>	<u>12</u>	<u>28</u>	<u>12</u>

### 8) Auditors' Remuneration

Auditors' remuneration (and fees for other services) are borne by Novus Management Services Pty Limited, a related entity and a member of the Novus Petroleum Limited Group.

### 9) Tax on Profit on Ordinary Activities

The tax charge is made up as follows:

	2003 US\$'000	2002 US\$'000
<i>Current Tax:</i>		
UK Corporation Tax on Profits of the Period	2,772	2,930
Double Tax relief	<u>(2,772)</u>	<u>(2,930)</u>
	-	-
Foreign Tax	5,422	5,557
Total current tax	<u>5,422</u>	<u>5,557</u>
<i>Deferred Tax:</i>		
Origination and reversal of timing differences (note 14)	(761)	6
Tax on profit on Ordinary Activities	<u>4,661</u>	<u>5,563</u>

#### Factors affecting the tax charge for the period

The rate at which tax has been assessed for the period is lower than the standard rate of Corporation tax in UK. The differences are explained below:

	2003 US\$'000	2002 US\$'000
Profit on ordinary activities before tax	<u>9,782</u>	<u>13,755</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in Indonesia of 45% (2002: 45% & 37%)	4,402	5,928
<i>Effect of:</i>		
Profit on disposal of interest in Joint Venture not taxable	-	(1,259)
Expenses not (assessable)/deductible for tax purposes	66	105
Depreciation in excess of capital allowances	1,658	783
Other timing differences	(692)	-
Group Relief claimed	<u>(12)</u>	<u>-</u>
Current tax charge for the period	<u>5,422</u>	<u>5,557</u>

**NOVUS UK (INDONESIAN HOLDINGS) LIMITED**

**Notes to the Group Consolidated Accounts (continued)**

**10) Fixed Assets - Tangible Assets**  
(none for Company)

	<b>2003</b>	<b>2002</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Interest in Petroleum Properties		
At 1 January	91,743	186,974
Additions	-	799
Dry Hole Costs	-	(295)
Disposals	(14)	(95,735)
At 31 December	<u>91,729</u>	<u>91,743</u>
Depreciation, depletion and amortisation		
At 1 January	63,519	150,034
Charge for the year	3,438	4,081
Disposals	-	(90,596)
At 31 December	<u>66,957</u>	<u>63,519</u>
Net Book Value at 31 December	<u><u>24,772</u></u>	<u><u>28,224</u></u>
Property, Plant and Equipment		
At 1 January	57,105	57,645
Additions	1,298	2,101
Disposals	-	(2,641)
At 31 December	<u>58,403</u>	<u>57,105</u>
Accumulated Depreciation		
At 1 January	31,971	29,439
Charge for the year	4,541	4,564
Disposals	-	(2,032)
At 31 December	<u>36,512</u>	<u>31,971</u>
Net Book Value at 31 December	<u><u>21,891</u></u>	<u><u>25,134</u></u>
Total Net Book Value at 31 December	<u><u>46,663</u></u>	<u><u>53,358</u></u>

**11) Debtors**

	<b>Company</b>		<b>Group</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Trade debtors	-	-	371	4,367
Fellow subsidiary undertakings	-	-	32,986	15,612
Other	-	38	974	7,596
	<u>-</u>	<u>38</u>	<u>34,331</u>	<u>27,575</u>

**12) Stock**

	<b>2003</b>	<b>2002</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Warehouse stock and drilling materials	<u>1,394</u>	<u>1,238</u>

**NOVUS UK (INDONESIAN HOLDINGS) LIMITED**

**Notes to the Group Consolidated Accounts (continued)**

**13) Creditors - Amounts Falling Due Within One Year**

	<b>Company</b>		<b>Group</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Fellow subsidiary undertakings	611	442	611	442
Taxation	-	-	333	5,115
Trade Creditors	-	-	4,940	3,049
	<u>611</u>	<u>442</u>	<u>5,884</u>	<u>8,606</u>

**14) Provisions for Liabilities and Charges**

	<b>Deferred Taxation Company</b>		<b>Deferred Taxation Group</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
The movements in deferred taxation during the current and previous years are:				
At 1 January	711	711	23,513	26,349
Charge for the year	-	-	(761)	6
Disposal	-	-	-	(2,842)
At 31 December	<u>711</u>	<u>711</u>	<u>22,752</u>	<u>23,513</u>

Overseas tax credit represents a future tax benefit arising in respect of under-recovered costs on Indonesian PSCs in 1999.

	<b>Deferred Taxation Company</b>		<b>Deferred Taxation Group</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
The potential liability for deferred taxation is:				
Accelerated capital allowances	-	-	19,361	20,027
Deferred branch profit tax liability	711	711	3,391	3,486
	<u>711</u>	<u>711</u>	<u>22,752</u>	<u>23,513</u>

All of which has been provided in the accounts for the year ended 31 December 2003.

**15) Share Capital**

	<b>2003</b>	<b>2002</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Authorised, allotted, called up and fully paid 106,100 ordinary shares of £1 translated at the 3 January 1990 rate of exchange of US\$1.6105/£1	<u>171</u>	<u>171</u>

## NOVUS UK (INDONESIAN HOLDINGS) LIMITED

### Notes to the Consolidated Accounts (continued)

#### 16) Ultimate Parent Undertaking

The directors regard Novus Petroleum Limited of Sydney, Australia, a company incorporated in Australia, as the ultimate parent undertaking as of 31 December 2003 and whose principal place of business is at 321 Kent Street Sydney 2000, Australia. The consolidated accounts of the Group are available to the public and may be obtained from that address.

However, during the period to which these accounts relate, a takeover offer in respect of Novus Petroleum Limited was announced by PT Medco Energi Internasional Tbk ("Medco") of Jakarta, Indonesia. During 2004, Medco's takeover offer was successful and a change of control of Novus Petroleum Limited occurred. Accordingly, the ultimate parent undertaking is now different to that which existed at 31 December 2003.

The company's immediate parent undertaking is Novus Australia Holdings Pty Limited, a company incorporated in Australia. It has included the company in its group accounts, copies of which are available from its registered office, 321 Kent Street Sydney 2000, Australia.

#### 17) Investment in Subsidiaries

	2003 US\$'000	2002 US\$'000
Investment in Subsidiaries		
At 1 January	26,515	26,515
Acquisitions	-	-
Disposals	-	-
At 31 December	26,515	26,515

The subsidiaries of Novus U.K. (Indonesian Holdings) Limited at 31 December 2003 and the percentage ownership of each are as follows:

	Country of Incorporation	Country of Operation	Type of Shares	% Held
Novus UK (Kakap) Limited	England and Wales	Indonesia	Ordinary shares of £1	100
Novus UK (Kakap 2) Limited	England and Wales	Indonesia	Ordinary shares of US\$1	100
Novus UK (Malacca Strait) Limited	England and Wales	Indonesia	Ordinary shares of £1	100

In the opinion of the directors, the value of the investments in subsidiaries is not less than the amount at which they are carried in the balance sheet.

# NOVUS UK (INDONESIAN HOLDINGS) LIMITED

## Notes to the Consolidated Accounts (continued)

### 18) Commitments

The Group conducts substantially all of its operations through memberships of a number of joint venture consortia. In the event of non-performance of obligations by another member, or members of such consortia, the Group would become subject to additional obligations. The Group does not anticipate non-performance by its joint venture partners.

In terms of specific commitments, at the end of 2003, Novus UK (Kakap) Limited and Novus UK (Kakap 2) Limited were committed to drilling one exploration well in the Kakap PSC before the end of 2005 (total commitment across both companies of \$1.975m).

### 19) Paid in Capital

Net amounts payable to British Petroleum Company p.l.c. (BP), and its affiliates, of US\$16,297 thousand (2002 US\$16,297 thousand) were waived immediately prior to the acquisition by Oryx from BP on 1 January 1990. Such amounts have been treated as paid in capital.

### 20) Profit and Loss Account

	Company		Group	
	2003 US\$'000	2002 US\$'000	2003 US\$'000	2002 US\$'000
At 1 January	8,961	9,198	34,562	26,370
Profit/(Loss) for the year	(232)	(237)	5,121	8,192
Dividends	-	-	-	-
At 31 December	<u>8,729</u>	<u>8,961</u>	<u>39,683</u>	<u>34,562</u>

### 21) Reconciliation of Movements in Shareholder's Funds

	2003 US\$'000	2002 US\$'000
At 1 January	51,030	42,838
Profit for the year	5,121	8,192
Dividends	-	-
At 31 December	<u>56,151</u>	<u>51,030</u>

### 22) Post Balance Sheet Event

A takeover offer in respect of Novus Petroleum Limited was announced by PT Medco Energi International Tbk (Medco) of Jakarta, Indonesia. During 2004, Medco's takeover offer was successful and a change of control of Novus Petroleum occurred. Accordingly, the ultimate parent undertaking is now different to that which existed at 31 December 2003.

Subsequent to the Balance Sheet Date, and as a consequence of the sale of Novus Petroleum Limited to Medco Energi International, it was agreed that the Company would sell its entire shareholding in the wholly owned subsidiary, Novus UK (Kakap 2) Limited to Santos Limited with an effective date of 1 January 2004.