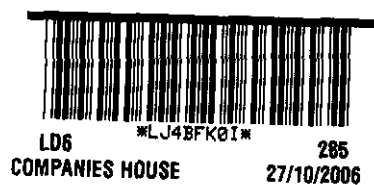


NOVUS UK (INDONESIAN HOLDINGS) LIMITED

DIRECTORS' AND AUDITORS' REPORTS AND ACCOUNTS

31 DECEMBER 2005



NOVUS UK (INDONESIAN HOLDINGS) LIMITED

Directors' Report

The Directors present their annual report and the audited group consolidated accounts for the year ended 31 December 2005.

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 and Novus UK (Malacca Strait) Limited.

Novus UK (Kakap) Limited owns a 13.5% working interest in an Indonesian production sharing contract, the Kakap PSC, under which it is entitled to participate in oil and gas exploration and production projects.

Novus UK (Malacca Strait) Limited is now a dormant company having sold its interest in the Malacca Strait PSC in 2002.

In 2004, the Company sold its shares in Novus UK (Kakap 2) Limited for an amount of \$10.225m to Santos International Holdings Pty Limited. Novus UK (Kakap 2) Limited owned a 6.25% working interest in the Kakap PSC.

It is the intention of 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 Natuna Sea, continues to deliver steadily, with slightly lower oil production during 2005. Production averaged 978 bopd (1,637 bopd in 2004, which included 518 bopd from the working interest owned by Novus UK (Kakap 2) Limited), the decrease being a result of natural decline. A similar situation applied to gas production, which averaged sales in 2005 of 1,076 boepd, lower than the average sales in 2004 of 1,744 boepd (including 552 boepd from the working interest owned by Novus UK (Kakap 2) Limited).

As in the prior year, 2005 was a year of consolidation of the development efforts and costs associated with the West Natuna gas scheme and no exploration or development wells were drilled. The Company is concentrating on preparing to drill one exploration well in the South Kakap Block and continued evaluation of the North Kakap Block potential based on the existing available data.

Results

The Group's consolidated results for the year ended 31 December 2005 with comparatives for the year ended 31 December 2004 are summarised below:

	2005 US\$'000	2004 US\$'000
Turnover	21,606	28,695
Profit on ordinary activities before taxation	8,220	15,220
Tax on ordinary activities	(4,290)	(7,218)
Profit for the year	3,930	8,002

NOVUS UK (INDONESIAN HOLDINGS) LIMITED

Directors' Report (continued)

Dividends

No dividend has been paid during the year (2004: US\$32,938 thousand).

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 Company although the Company is continually reviewing opportunities for growth and development. In the opinion of the Directors, further information on the evaluations may prejudice the interests of the Company if included in this report.

Directors and their interests

The Directors who served during the year were:

James T. Hornabrook
Keith J. Goodwin
Rashid I. Mangunkusumo

None of the directors had any interest in the shares of the Company at 31 December 2005 or at the date of signing this report.

Rashid I. Mangunkusumo is a Director of PT Medco Energi Internasional Tbk (MEDCO), the ultimate parent company, and accordingly his and his families' interest in the ordinary shares of the Company are disclosed in its accounts.

Creditor Payment Policy and Practice

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

At 31 December 2005, the Group had an average of 22 days purchases outstanding in trade creditors.

Auditors

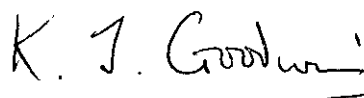
Ernst & Young LLP was re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.

Subsequent Events

On May 30, 2006, Novus Australia Holdings Pty. Ltd., the sole shareholder of the Company, transferred its entire share (106,100 shares) to Medco Kakap Holdings Pte. Ltd, a company incorporated in Singapore and a related party through the ultimate parent company, PT Medco Energi Internasional Tbk.

On 24 May 2006, the Company declared a dividend amounting to US\$30,594 thousand.

By order of the Board



K.J. Goodwin
Secretary
34 South Molton Street
LONDON W1K 5RG
20th October 2006

NOVUS UK (INDONESIAN HOLDINGS) LIMITED

Statement of Directors' Responsibilities in Respect of the Accounts

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

- select suitable accounting policies that have been used and applied consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOVUS UK (INDONESIAN HOLDINGS) LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Novus UK (Indonesian Holdings) Limited for the year ended 31 December 2005 which comprise the group income statement, balance sheets, group statement of total recognised gains and losses and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards as set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies 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 other transactions is not disclosed.

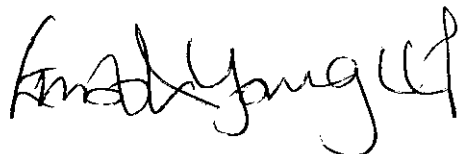
Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2005 and of the group's profit for the year then ended; and the financial statements have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered auditor
London

26/10/06

NOVUS UK (INDONESIAN HOLDINGS) LIMITED

Group Profit and Loss Accounts

For the Year Ended 31 December 2005

	NOTES	2005 US\$'000	2004 US\$'000
Turnover	3	21,606	28,695
Cost of sales	5	(13,386)	(18,265)
Gross profit / operating profit		<u>8,220</u>	<u>10,430</u>
Profit on sale of interest in a subsidiary	4, 17	-	4,789
Bank interest		-	1
Profit on ordinary activities before taxation		<u>8,220</u>	<u>15,220</u>
Taxation	9	(4,290)	(7,218)
Profit for the year		<u><u>3,930</u></u>	<u><u>8,002</u></u>
Dividends		-	(32,938)
Retained profits / (accumulated losses) for the year		<u><u>3,930</u></u>	<u><u>(24,936)</u></u>

The Group has no recognized gains and losses other than the profit above and therefore no separate statement of total recognized gains and losses has been presented. Please refer to note 23 with reference to the prior year adjustment.

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 8 to 16 are an integral part of this Profit and Loss Accounts.

Group Statement of Recognised Gains and Losses

For the Year Ended 31 December 2005

	2005 US\$'000	2004 US\$'000
Profit for the year	3,930	8,002
Total recognised gains and losses relating to the year	3,930	<u>8,002</u>
Prior year adjustment (note 23)	8,378	
Total recognised gains and losses since last annual accounts	<u>12,308</u>	

NOVUS UK (INDONESIAN HOLDINGS) LIMITED

Group Balance Sheet

At 31 December 2005

	<u>Notes</u>	<u>2005 US\$'000</u>	<u>2004 US\$'000</u>
Fixed Assets			
Tangible assets	10	23,077	27,680
Current Assets			
Cash		1,897	270
Debtors	11	33,412	24,656
Stocks	12	828	1,228
Total Current Assets		36,137	26,154
Current Liabilities			
Creditors - amounts falling due within one year	13	(6,115)	(3,583)
Net Current Assets		30,022	22,571
Total Assets Less Current Liabilities		53,099	50,251
Provision for liabilities and charges	14	(7,087)	(8,169)
		46,012	42,082
Represented by:			
Capital and Reserves			
Called up share capital	15	171	171
Paid in capital	19	16,297	16,297
Profit and loss accounts	20	29,544	25,614
Shareholders' Funds - Equity Interest	21	46,012	42,082

Approved by the Board of Directors
on 20th October 2006 and signed on its behalf by:



K.J. Goodwin
Director

The notes on pages 8 to 16 are an integral part of this Balance Sheet.

NOVUS UK (INDONESIAN HOLDINGS) LIMITED

Company Balance Sheet

At 31 December 2005

	<u>Notes</u>	<u>2005 US\$'000</u>	<u>2004 US\$'000</u>
Fixed Assets			
Investment in Subsidiaries	17	16,306	16,306
		<u>16,306</u>	<u>16,306</u>
Current Assets			
Cash		10	22
Debtors	11	12,966	13,487
Total Current Assets		<u>12,976</u>	<u>13,509</u>
Current Liabilities			
Creditors - amounts falling due within one year	13	(15)	(182)
Net Current Assets		<u>12,961</u>	<u>13,327</u>
Total Assets Less Current Liabilities		29,267	29,633
Provision for liabilities and charges	14	(711)	(711)
		<u><u>28,556</u></u>	<u><u>28,922</u></u>
Represented by:			
Capital and Reserves			
Called up share capital	15	171	171
Paid in capital	19	16,297	16,297
Profit and loss accounts	20	12,088	12,454
Shareholders' Funds - Equity Interest		<u><u>28,556</u></u>	<u><u>28,922</u></u>

Approved by the Board of Directors
on 20th October 2006 and signed on its behalf by:



K.J. Goodwin
Director

The notes on pages 8 to 16 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 inter-company 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 accounts have not been included in these accounts. The amount of the Company's loss for the year ended 31 December 2005, and the income for the year ended 31 December 2004 included in the accounts of the Group consolidated profit was US\$366 thousand and US\$36,663 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) Basis of Consolidation

The Group financial statements comprise a consolidation of the accounts of the parent company and its subsidiary undertakings (subsidiaries). The results of subsidiaries acquired or disposed are consolidated for the periods to the date on which control passes.

(c) Joint Ventures

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

(d) 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 accounts 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.

NOVUS UK (INDONESIAN HOLDINGS) LIMITED
Notes to the Group Consolidated Accounts (continued)

(d) Oil and Gas expenditure (continued)

Disposal of Fixed Assets – Gains and losses on disposals of fixed assets are taken to the profit and loss accounts 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.

(e) 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.

(f) 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 accounts.

2) Related Party Transactions

Certain services were provided by PT Medco Energi Internasional Tbk (MEDCO), the ultimate parent company, in 2005. A service charge of US\$263 thousand has been included in the accounts to reflect the services provided by MEDCO (2004: US\$304 thousand, charged by Novus Management Services Pty Limited, a related party, up to June 2004 and US\$263 thousand by MEDCO from July 2004).

3) Operating Revenues

Sales of crude oil, which are stated net of value added tax, are recorded on the entitlement method. When the volume of oil lifted is greater/(less) than the Group's entitlement, a payable/(receivable) accrues.

Under the terms of the Kakap Production Sharing Contract, the Group is required to sell certain amounts of crude to the government of Indonesia at prices provided for in the contract. 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 and all of its turnover is derived from such operations.

4) Disposal of Interest in a Subsidiary

Effective as of 1 January 2004, 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 International Holdings Pty. Limited. The sale was completed on December 31, 2004 for an amount of US\$10,225 thousand. As a result, the operation of Novus UK (Kakap 2) Limited was consolidated up to December 31, 2004 and a profit of US\$4,789 thousand was realized. No tax is applicable to this profit.

NOVUS UK (INDONESIAN HOLDINGS) LIMITED
Notes to the Group Consolidated Accounts (continued)

5) Cost of Sales

	Consolidated	
	2005 \$'000	2004 US\$'000
Operating costs	7,843	8,897
Depreciation, depletion and amortisation	5,158	8,628
Others	385	740
	13,386	18,265

6) Employee Information

The Company had no employees, other than Directors, during 2005 and 2004.

7) Directors' Remuneration

The remuneration of the Directors for the year ended 31 December 2005 was as follows:

	2005		2004	
	Salary US\$'000	Fees US\$'000	Salary US\$'000	Fees US\$'000
J T Hornabrook	-	14.6	-	15.4
K J Goodwin	30.8	-	31.8	-
	30.8	14.6	31.8	15.4

8) Auditors' Remuneration

2005 auditors' remuneration (and fees for other services) were borne by Novus Petroleum Limited, an immediate parent of the Company's sole shareholder, Novus Australia Holdings Pty. Ltd., and a subsidiary of PT Medco Energi Internasional Tbk (MEDCO), the ultimate parent company.

NOVUS UK (INDONESIAN HOLDINGS) LIMITED
Notes to the Group Consolidated Accounts (continued)

9) Tax on Profit on Ordinary Activities

The tax charge is made up as follows:

	2005 US\$'000	2004 US\$'000
<i>Current Tax:</i>		
UK Corporation tax on profits of the year	4,092	5,375
Double tax relief	(3,963)	(5,375)
Overseas taxation	5,243	5,439
Foreign tax under provision in respect of previous years	-	231
Total current tax	<u>5,372</u>	<u>5,670</u>
<i>Deferred Tax:</i>		
Over provision of deferred tax in previous periods	-	(254)
Origination and reversal of timing differences	(1,082)	1,802
Total deferred tax (note 14)	<u>(1,082)</u>	<u>1,548</u>
Tax on Profit on Ordinary Activities	<u><u>4,290</u></u>	<u><u>7,218</u></u>

Factors affecting the tax charge for the year

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

	2005 US\$'000	2004 US\$'000
Profit on ordinary activities before tax	<u>8,220</u>	<u>15,220</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in Indonesia of 37% after March 2005 (2004: 45%)	3,042	6,849
<i>Effect of:</i>		
Non taxable income	-	(2,155)
Expenses not deductible for tax purposes	989	2,547
Depreciation in excess of capital allowances	1,423	(879)
Other timing differences	(341)	(923)
Group tax liability	259	-
Foreign tax under provision in respect of previous years	-	231
Current tax charge for the year	<u><u>5,372</u></u>	<u><u>5,670</u></u>

NOVUS UK (INDONESIAN HOLDINGS) LIMITED
Notes to the Group Consolidated Accounts (continued)

10) Fixed Assets - Tangible Assets
 (None for Company)

	2005 US\$'000	2004 US\$'000
Interest in Petroleum Properties		
At 1 January	79,575	91,729
Additions	530	-
Disposals	-	(12,154)
At 31 December	80,105	79,575
Depreciation, depletion and amortisation		
At 1 January	62,842	66,957
Charge for the year	2,602	4,156
Disposals	-	(8,271)
At 31 December	65,444	62,842
Net Book Value at 31 December	14,661	16,733
Property, Plant and Equipment		
At 1 January	39,858	58,403
Additions	25	102
Disposals	-	(18,647)
At 31 December	39,883	39,858
Accumulated Depreciation		
At 1 January	28,911	36,512
Charge for the year	2,556	4,473
Disposals	-	(12,074)
At 31 December	31,467	28,911
Net Book Value at 31 December	8,416	10,947
Total Net Book Value at 31 December	23,077	27,680

11) Debtors

	Company		Group	
	2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
Fellow subsidiary undertakings	12,966	13,487	30,388	22,137
Trade debtors	-	-	2,359	1,700
Other	-	-	665	819
	12,966	13,487	33,412	24,656

12) Stocks

	2005 US\$'000	2004 US\$'000
Warehouse stocks and drilling materials	828	1,228

NOVUS UK (INDONESIAN HOLDINGS) LIMITED
Notes to the Group Consolidated Accounts (continued)

13) Creditors – Amounts Falling Due Within One Year

	Company		Group	
	2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
Trade creditors	15	-	5,148	2,722
Taxation	-	-	967	293
Fellow subsidiary undertakings	-	182	-	568
	<u>15</u>	<u>182</u>	<u>6,115</u>	<u>3,583</u>

14) Provision for Liabilities and Charges

The movements in deferred taxation during the current and previous years are:

	Deferred Taxation Company		Deferred Taxation Group	
	2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
At 1 January	711	711	8,169	11,885
Charge for the year			(1,082)	1,548
Disposal	-	-	-	(5,264)
At 31 December	<u>711</u>	<u>711</u>	<u>7,087</u>	<u>8,169</u>

Overseas tax credit represents a future tax benefit arising in respect of under recovered costs on Indonesian PSCs in 1999. The potential liability for deferred taxation is:

	Deferred Taxation Company		Deferred Taxation Group	
	2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
Accelerated capital allowances	-	-	3,469	4,893
Deferred branch profit tax liability	711	711	3,618	3,276
At 31 December	<u>711</u>	<u>711</u>	<u>7,087</u>	<u>8,169</u>

A deferred tax asset of \$810k is not recognised in relation to the due to the future uncertainty concerning the recognition of benefit.

NOVUS UK (INDONESIAN HOLDINGS) LIMITED
Notes to the Group Consolidated Accounts (continued)

15) Share Capital

	2005 US\$'000	2004 US\$'000
Authorised, allotted, called up and fully paid 106,100 ordinary shares of £1 translated at 3 January 1990 rate of exchange of US\$1.6105/£1	<u>171</u>	<u>171</u>

16) Ultimate Parent Undertaking

The Directors regard PT Medco Energi Internasional Tbk (MEDCO), whose principal place of business is at Graha Niaga Building, 16th Floor, Jalan Jenderal Sudirman, Kav. 58, Jakarta 12190, Indonesia, as the ultimate parent undertaking at 31 December 2005. The consolidated accounts of the Group are available to the public and may be obtained from that address.

The Company's immediate parent undertaking at 31 December 2005 was Novus Australia Holdings Pty Ltd, a company incorporated in Australia. The ownership of the Company was subsequently transferred to Medco Kakap Holdings Pte. Ltd., a company incorporated in Singapore, on 30 May 2006.

17) Investment in Subsidiaries

	2005 US\$'000	2004 US\$'000
Investment in Subsidiaries		
At 1 January	16,306	26,515
Acquisitions	-	-
Disposals	-	(10,209)
At 31 December	<u>16,306</u>	<u>16,306</u>

Effective as of 1 January 2004, as a consequence of the sale of Novus Petroleum Limited to PT Medco Energi Internasional Tbk, it was agreed that the Company would sell its entire shareholding in the wholly owned subsidiary, Novus UK (Kakap 2) Limited, to Santos International Holding Pty. Limited. The sale was completed December 31, 2004 for an amount of \$ 10,225 thousand. As a result, the operation of Novus UK (Kakap 2) Limited was consolidated in the financial statements up to December 31, 2004 and a profit of \$ 4,789 thousand was realized. No tax is applicable to this profit.

The subsidiaries of Novus U.K. (Indonesian Holdings) Limited at 31 December 2005 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 (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 Group Consolidated Accounts (continued)

18) Commitments

The Group conducts substantially all of its operations through membership 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, the Group is committed to drilling one exploration well in the Kakap PSC before 22 March 2011 (with total commitment not less than \$ 540 thousand).

19) Paid in Capital

Net amounts payable to British Petroleum Company p.l.c. (BP), and its affiliates, of US\$16,297 thousand (2004: US\$16,297 thousand) were waived immediately prior to the acquisition by Oryx U.K. (Kakap) Limited from BP on 1 January 1990. Such amounts have been treated as paid in capital.

20) Profit and Loss Accounts

	Company 2005 US\$'000	Group 2005 US\$'000
At 1 January	12,454	17,236
Prior year adjustment	-	8,378
At 1 January restated	12,454	25,614
Profit for the year	(366)	3,930
At 31 December	12,088	29,544

21) Reconciliation of Movements in Shareholders' Funds

Group

	2005 US\$'000	2004 US\$'000
At 1 January	42,082	67,018
Profit for the year	3,930	8,002
Dividends	-	(32,938)
At 31 December	46,012	42,082

Company

	2005 US\$'000	2004 US\$'000
At 1 January	28,922	25,197
Profit for the year	(366)	36,663
Dividends	-	(32,938)
At 31 December	28,556	28,922

22) Subsequent Events

On May 30, 2006, Novus Australia Holdings Pty. Ltd., the sole shareholder of the Company, transferred its entire share (106,100 shares) to Medco Kakap Holdings Pte. Ltd, a company incorporated in Singapore and a related party through the ultimate parent company, PT Medco Energi Internasional Tbk.

On 24 May 2006, the Company declared a dividend amounting to US\$30,594 thousand.

23) Prior year adjustment

A prior year adjustment has been processed to restate the 2004 deferred tax balance. This was as a result of an error identified in the calculation of the deferred tax resulting from accelerated capital allowances.

The impact of this restatement on the financial position of the Group on 1 January 2004 is to decrease the deferred tax liability balance by US\$10,867 thousand and increase Profit and Loss included within Capital and Reserves by US\$10,867 thousand.

The impact of this restatement of Profit and Loss for the year ended 2004 is to increase deferred tax included within the Taxation line item by US\$2,489 thousand. This has resulted in Profit after Tax decreasing by US\$2,489 thousand.

The impact of the above restatements on the financial position of the Group at 31 December 2004 is to decrease the deferred tax liability balance by US\$8,378 thousand and increase profit and loss included within Capital and Reserves in the balance sheet by US\$8,378 thousand.

Please refer to note 20 and 21 which provide more information on the prior year adjustment