

Report and Accounts

Pentex Energy PLC

31 December 1999



Pentex Energy PLC

Registered No. 1915605

DIRECTORS

A Harrison
H O Cameron

SECRETARY

A Harrison

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

Bank of Scotland
The Mound
Edinburgh EH1 1YZ

Bank of Scotland
London Chief Office
38 Threadneedle Street
London EC2P 2EN

SOLICITORS

Gouldens
22 Tudor Street
London EC4Y 0JJ

Peterkins
100 Union Street
Aberdeen AB9 1QR

REGISTERED OFFICE

5th Floor
190-192 Sloane Street
London SW1X 9QX

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The loss for the year amounted to £265,000 (Eighteen months ended 1998 – profit of £11,000).

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY

The principal activity of the company is that of an intermediate holding company for the Group.

The directors plan to continue to develop the activities of the company, taking into account the general economic conditions which are likely to exist in the coming year.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 1999 were as follows:

H O Cameron	
G R Dowland	(appointed 15 June 1999 – resigned 9 May 2000)
G Lane	(resigned 15 June 1999)
A Harrison	(appointed 8 May 2000)

The directors have no direct beneficial interest in the share capital of the company although they have an interest in the share capital of the Company by virtue of their interest in the Share Capital of Sibir Energy plc, the ultimate parent undertaking. The directors' interests in the share capital of Sibir Energy plc are disclosed in that Company's accounts.

MILLENNIUM COMPLIANCE

To date the company has experienced no problems with year 2000 issues. The company, however, will continue to remain vigilant throughout 2000.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board


A Harrison

Secretary

18 May 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 company 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 company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Pentex Energy PLC

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

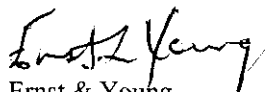
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London

19 July 2000

Pentex Energy PLC

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

		<i>Year ended 31 December 1999 £'000</i>	<i>Eighteen months ended 31 December 1998 £'000</i>
	<i>Notes</i>		
TURNOVER	2	–	446
Administration costs		(268)	(874)
OPERATING LOSS	3	(268)	(428)
Interest receivable		3	250
Interest payable		–	(34)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(265)	(212)
Tax on loss on ordinary activities	5	–	223
RETAINED (LOSS)/PROFIT FOR THE PERIOD		(265)	11

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

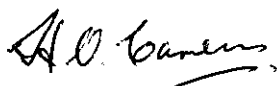
The company has no recognised gains or losses other than the loss shown above.

Pentex Energy PLC

BALANCE SHEET

at 31 December 1999

	Notes	1999 £'000	1998 £'000
FIXED ASSETS			
Tangible assets	6	14	17
Investments	7	49,891	49,891
		<u>49,905</u>	<u>49,908</u>
CURRENT ASSETS			
Debtors	8	39,736	39,731
Cash at bank and in hand		61	73
		<u>39,797</u>	<u>39,804</u>
CREDITORS: amounts falling due within one year	9	3,149	2,894
		<u>36,648</u>	<u>36,910</u>
NET CURRENT ASSETS			
		<u>86,553</u>	<u>86,818</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>86,553</u>	<u>86,818</u>
CAPITAL AND RESERVES			
Called up share capital	10	16,599	16,599
Share premium account	11	35,334	35,334
Profit and loss account	11	34,620	34,885
		<u>86,553</u>	<u>86,818</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>86,553</u>	<u>86,818</u>



Henry O Cameron
Director

18 May 2000

Pentex Energy PLC

NOTES TO THE ACCOUNTS

at 31 December 1999

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of Preparation

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These accounts present information about the company as an individual undertaking and not about its group. The parent undertaking in which the company and the group are consolidated is Sibir Energy plc, which is incorporated in England and Wales.

Depreciation

Tangible fixed assets are depreciated over their estimated useful lives at the following rates:

Computer equipment	–	25% per annum on cost
Furniture and fittings	–	10% per annum on cost

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 are taken to the profit and loss account.

2. TURNOVER

Turnover represents fees charged for management services rendered during the year as follows:

	<i>Year ended 31 December 1999 £'000</i>	<i>Eighteen months ended 31 December 1998 £'000</i>
Fellow group undertaking	–	446

Turnover is stated net of VAT.

3. OPERATING LOSS

This is stated after charging:

	<i>Year ended 31 December 1999 £'000</i>	<i>Eighteen months ended 31 December 1998 £'000</i>
Auditors' remuneration	(15)	24
Depreciation	3	4
Hire of plant & machinery	–	40
Exchange losses/(gains)	–	(78)
Operating lease costs – land and buildings	–	66

Pentex Energy PLC

NOTES TO THE ACCOUNTS at 31 December 1999

4. STAFF COSTS

	<i>Year ended 31 December 1999 £'000</i>	<i>Eighteen months ended 31 December 1998 £'000</i>
Wages and salaries	—	352
Social security costs	—	12
Other pension costs	—	42
Compensation for loss of office	281	—
	<u>281</u>	<u>406</u>

The average number of employees during the year was:

	<i>No.</i>	<i>No.</i>
Administration	2	7

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	<i>1999 £'000</i>	<i>1998 £'000</i>
Over provision in previous year	—	223
	<u>—</u>	<u>223</u>

6. TANGIBLE FIXED ASSETS

	<i>Equipment, Furniture and fittings £'000</i>
Cost:	
At 1 January 1999	29
Additions	—
At 31 December 1999	<u>29</u>
Depreciation:	
At 1 January 1999	12
Charge for the year	3
At 31 December 1999	<u>15</u>
Net book value:	
At 31 December 1999	<u>14</u>
At 31 December 1998	<u>17</u>

Pentex Energy PLC

NOTES TO THE ACCOUNTS

at 31 December 1999

7. FIXED ASSET INVESTMENTS

	<i>31 December 1999 £'000</i>	<i>31 December 1998 £'000</i>
Shares in subsidiaries	49,891	49,891

The subsidiary undertakings at 31 December 1999 were:

Subsidiary	Country of incorporation	Principal activity	Class of shares held	Percentage of shares held
<i>Held by Company</i>				
Pentex Oil Plc	Scotland	Intermediate holding company	Ordinary	100%
Crossroads International Limited	England	Intermediate holding company	Ordinary	100%
Gairloch Oil and Gas Investment Company Limited	Scotland	Intermediate holding company	Ordinary	100%
<i>Held by a subsidiary undertaking</i>				
Pentex Oil (UK) Limited	Scotland	Oil and gas	Ordinary	100%
Pentex Oil & Gas Limited	England	Oil and gas	Ordinary	100%
Pentex Italia Limited	England	Oil and gas	Ordinary	100%
Pentex (Fife) Limited	Scotland	Dormant	Ordinary	100%
Pentex Overseas Investments Limited	England	Intermediate holding company	Ordinary	100%

The above are all holdings of ordinary shares.

8. DEBTORS

	<i>1999 £'000</i>	<i>1998 £'000</i>
Amounts due from group undertakings	39,736	39,731

Pentex Energy PLC

NOTES TO THE ACCOUNTS

at 31 December 1999

9. CREDITORS: amounts falling due within one year

	1999 £'000	1998 £'000
Amount due to fellow group undertaking	2,768	2,768
Amount due to ultimate parent undertaking	381	67
Accruals	—	59
	<u>3,149</u>	<u>2,894</u>

Amount due to ultimate parent undertaking represents an interest free short term loan.

10. SHARE CAPITAL

	1999 £'000	1998 £'000
Authorised: 440,000,000 ordinary shares of £0.05 each	22,000	22,000
Allotted, called up and fully paid: 331,979,591 ordinary shares of £0.05 each	<u>16,599</u>	<u>16,599</u>

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total share- holders' funds £'000
At 1 January 1999	16,599	35,334	34,885	86,818
Loss for the year	—	—	(265)	(265)
At 31 December 1999	<u>16,599</u>	<u>35,334</u>	<u>34,620</u>	<u>86,553</u>

12. RELATED PARTIES

The company is taking advantage of the exemption in FRS 8 from disclosing group related party transactions as 100% of its voting rights are controlled within the group of Sibir Energy plc and its subsidiaries.

13. CASH FLOW STATEMENTS

The company has taken advantage of the exemption permitted by FRS 1 (Revised 1996) that, as more than 90% of the voting rights are controlled within the group and consolidated financial statements are publicly available, no cash flow statement is presented.

NOTES TO THE ACCOUNTS

at 31 December 1999

14. PARENT UNDERTAKING AND CONTROLLING PARTY

At the balance sheet date the company's parent undertaking and controlling party was Sibir Energy plc whose group accounts the company is included in at the 31 December 1999 and which was both the smallest and largest group of which the company was a member for which group accounts were prepared. Copies of the group accounts can be obtained from Level 5, 190/192 Sloane Street, London, SW1X 9QX.