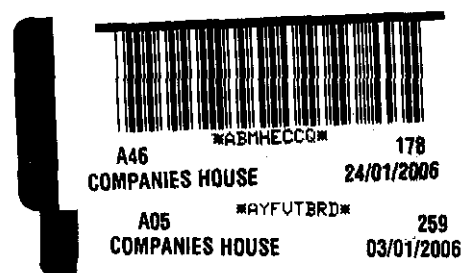


MEDUSA HYDROCARBONS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2004



Registered number 2684930

Medusa Hydrocarbons Limited
(formerly Medusa Oil Limited)

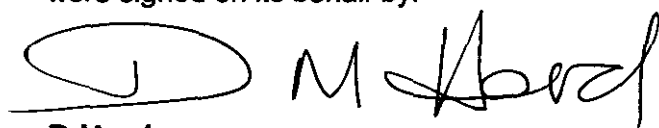
Abbreviated Balance sheet
as at 31 December 2004

	Notes	2004 £	2003 £
Fixed Assets			
Intangible assets	2	-	-
Current Assets			
Investments		8,500	10,000
Debtors		-	66,647
Cash at bank and in hand		3,256	3,256
		<u>11,756</u>	<u>79,903</u>
Creditors: amounts falling due within one year		(237,400)	(235,957)
Net current liabilities		<u>(225,644)</u>	<u>(156,054)</u>
Total assets less current liabilities		<u>(225,644)</u>	<u>(156,054)</u>
Capital and reserves			
Called up equity share capital	3	125,469	125,469
Share premium account		408,855	408,855
Profit and loss account		(759,968)	(690,378)
Shareholders' funds		<u>(225,644)</u>	<u>(156,054)</u>

The directors state:

- for the year ended 31 December 2004 the Company was entitled to exemption under section 249A(1) of the Companies Act 1985.
- No notice from members have requiring an audit has been deposited under section 249B(2) of the Companies Act 1985.
- The directors acknowledge their responsibility for:-
 - ensuring the Company keeps accounting records which comply with section 221; and
 - preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and if its profit for the financial year, in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.
- The accounts have been prepared in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board of directors on 29th December 2005 and were signed on its behalf by:



D.Herd
Director
29 December 2005

Medusa Hydrocarbons Limited
(formerly Medusa Oil Limited)

Notes to the financial statements

Year ended 31 December 2004

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards using the following accounting policies all of which have been applied consistently throughout the year.

a) Basis of accounting

The financial statements have been prepared on the historical cost convention on the going concern basis.

The Directors have considered the financial position of the company, and the financial statements have been prepared on a going concern basis as the main creditor has agreed to provide finance to enable the Company to meet its obligations.

Consolidated financial statements have not been prepared as the non-trading subsidiary has been disposed of during the year.

b) Turnover

Turnover represents the sales value of services provided and is stated net of value added tax.

c) Fixed Assets

Oil and gas expenditure

Expenditure relating to oil and gas activities is capitalised in accordance with the "full cost" method of accounting. Under the method all costs incurred in the exploration, appraisal and development of oil and gas interests, including an appropriate share of overheads, are capitalised in geographical cost pools as tangible assets. These assets will be depreciated on the unit of production basis in the proportion that production bears to recoverable reserves in the relevant area. Separate cost pools are maintained for each country in which the group operates.

Costs incurred pending determination of commercial reserves are held outside the cost pool as intangible assets. The net book value of capitalised costs is assessed each year and compared with estimated future revenues based on year end prices of proved and probable reserves. Any impairment is reflected as a charge to the profit and loss account.

In the previous period all capitalised oil and gas costs were treated as tangible expenditure. The comparative figures have been changed to reflect the change in policy.

d) Taxation

Corporation Tax is provided on taxable profits at the current rate.

Deferred taxation is provided to the extent that it is considered with reasonable probability that a liability will become payable in the foreseeable future.

e) Foreign currency

Foreign currency transactions are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

f) Government grants

Grants received from government and inter-governmental bodies are applied in reduction of the expenditure to which they relate.

2. Intangible fixed assets

	2004 £	2003 £
Oil and gas costs pending determination		
Cost		
At beginning and end of the year	357,588	357,588
Depreciation		
At 1 January	357,588	-
Charge for year	-	357,588
At 31 December	357,588	357,588
Net book value		
At 31 December	-	-

3. Share capital

	2004 £	2003 £
Allotted, called-up and fully paid		
At 1 January	125,469	125,469
Issued in the year	-	-
At 31 December	125,469	125,469

4. Ultimate parent company

The Directors regard Medusa Overseas Holdings Limited, a company registered in Jersey as the Company's ultimate parent company.