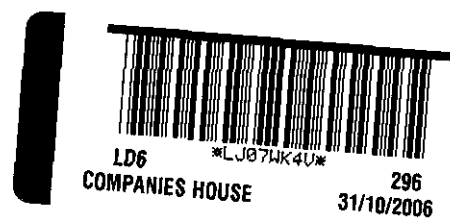


2823058

financial statements
for the year ended 31 December 2005



Company information

Company Registration number
2823058

Registered office
No. 1 Portland Place
London W1B 1PN

Directors
R F M Adair
D W Curry
J M M Sutherland
C C A Thomas

Secretary
C C A Thomas

Melrose Mediterranean Limited
(formerly Melrose Ventures (UK) Limited)

Report of the directors

The directors present their report together with financial statements for the year ended 31 December 2005.

Principal activity and review of operations

The Company, which did not trade during the year, is as an oil and gas exploration company.

Directors

The directors in office during the year are listed below:

R F M Adair
D W Curry
J M M Sutherland
C C A Thomas

At 1 January 2005 and 31 December 2005 no director had an interest in the ordinary shares of the Company. The interests of the directors in the ordinary shares of the Company's parent undertaking, Melrose Resources plc, and ultimate parent undertaking, Skye Investments Limited, are shown in those companies' financial statements.

Directors' responsibilities for the financial statements

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 profit and loss of the Company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them 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
- prepare the financial statements 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, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

By order of the Board



C C A Thomas
30 March 2006

Melrose Mediterranean Limited
(formerly Melrose Ventures (UK) Limited)

Balance sheet
as at 31 December 2005

	As at 31 December 2005 \$	As at 31 December 2004 \$
Intangible fixed assets	1,407,748	-
Amounts due from parent undertakings	-	2
Total assets	<u>1,407,748</u>	<u>2</u>
Liabilities		
Amount due to parent undertakings	1,443,389	-
Shareholders' equity		
Common shares	2	2
Retained reserves	(35,643)	-
	<u>1,407,748</u>	<u>2</u>

Notes:

1. For the year ended 31 December 2005 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985.
2. Members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.
3. 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 its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

The Board of Directors approved the financial statements on 30 March 2006.

C. Thomas

C C A Thomas Director

The accompanying notes on page 6 form an integral part of the accounts.

Melrose Mediterranean Limited
(formerly Melrose Ventures (UK) Limited)

Notes to the financial statements

For the year ended 31 December 2005

Accounting policies

The financial statements have been prepared under the historical cost convention.

1. Share capital

	As at 31 December 2005 £	As at 31 December 2004 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
1 ordinary shares of £1 each	1	1

2. Controlling related party and ultimate parent undertaking

Skye Investments Limited is the Company's ultimate controlling related party because it owns more than 50 per cent of the issued share capital of Melrose Resources plc which itself owns the entire issued share capital of the Company.

The ultimate parent undertaking of the Company is Skye Investments Limited, which is registered in England and Wales. Skye Investments Limited is the parent company of the largest group of undertakings for which group accounts have been drawn up and the smallest such group of undertakings, including the Company, is that headed by Melrose Resources plc, which is registered in England and Wales. Copies of the group accounts of Skye Investments Limited and Melrose Resources plc are available from No. 1 Portland Place, London W1B 1PN.