DOMINION ENERGY PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 June 2005

REGISTERED NUMBER 03986182

DOMINION ENERGY PLC

HEAD OFFICE
2nd Floor, 19/20 Grosvenor Street
London
W1K 4QH

DOMINION ENERGY PLC

COMPANY INFORMATION

Directors
Mr H Jelsma *(Chief Executive)*
Mr M Alikhani *(Executive Director)*
Mr K Sodha *(Finance Director)*
Mr R Stubbs *(Executive Director)*
Mr G Burgess *(Non-executive Director)*
Mr G Verspyck *(Non-executive Director)*

Company Secretary
Mr K Sodha

Registered Office
2nd Floor, 19/20 Grosvenor Street
London
W1K 4QH

Auditors

Henderson & Co.
87 Devonshire Road
Palmers Green
London
N13 4QU

Advisers
Hichens Harrison & Co plc
Bell Court House
11 Blomfield Street
London
EC2M 1LB

DOMINION ENERGY PLC

DIRECTORS REPORT

The Directors present their report and financial statements of the Company for the year ended 30 June 2005

PRINCIPAL ACTIVITY

The Company is engaged in the production of oil and natural gas in the United States of America.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The group results for the year ended 30 June 2005 show a loss of £186,516 compared with the loss of £104,481 for last year.

The results reflect the higher oil prices but this positive news has been countered by the shut-in of three gas wells during the year and additional depreciation as a result. However maintenance and repair costs have reduced as a result of the non-active gas wells.

During the period two radial wells were drilled on the Bauman and Freymiller leases, with an additional two wells planned for the second part of 2005

The incremental production expected will counter the natural decline of the wells. This combined with the higher oil prices will keep the turnover stable in the near future.

Operationally, the producing properties are declining at a rate substantially lower as a result of the application of radial drilling. The two non-sour gas wells, Bright and Christopher, are back on production now that the gas transportation company is operating again. They have been shutdown since the beginning of the year.

Three sour gas producing wells will remain shut-in until such time that the company can justify the cost of the installation of a scavenger system that will allow the gas to be sold to the pipeline company.

Work-over and repairs continue as normal on the producing wells so that production is maintained.

With the stable gas pricing and the higher oil prices, the company expects to improve its financial position slightly in the coming period and this will allow for additional work to be performed on the existing wells which should allow us to maintain production in the near to medium term.

Loss for the year includes additional depreciation of £80,702 caused by the shut-in sour gas wells and £37,761 costs of radial drilling.

Administrative expenses include £75,281 (2004: £77,215) for undrawn remuneration payable to directors.

We continue to review opportunities to expand the company's operations.

RESULTS AND DIVIDENDS

The results for the year are set out in the group profit and loss account on page 7. The directors do not recommend the payment of a dividend on the ordinary shares.

DIRECTORS AND THEIR INTERESTS

The Directors in office during the year were as follows:
Mr H Jelsma
Mr M Alikhani
Mr G Burgess
Mr K Sodha
Mr R Stubbs
Mr G Verspyck

In accordance with the Articles of Association, Mr. M Alikhani retires and, being eligible, offers himself for re-election. None of the directors standing for re-election has a service contract with the Company.

The interests (as defined in the Companies Act 1985) of the directors holding office at 30 June 2005 in the share capital of Dominion Energy PLC are shown below.

	Ordinary shares of 1p	
	30 June 05	30 June 04
Henk Jelsma	1,382,200	1,382,200
Masoud Alikhani	573,000	573,000
Kishor Sodha	833,333	833,333
Robert Stubbs	416,667	416,667

The interests of the directors in the share options of the company are shown on page 17. The interests (as defined in the Companies Act 1985) of the directors in the holding company at 30 June 2005 will be shown in the accounts of the holding company, Tecteon PLC.

Shares, share options and share warrants

During the year, no ordinary shares were issued.
Directors' options over ordinary shares outstanding at 30 June 2005 are disclosed in note 12 to the financial statements.

ENVIRONMENTAL MATTERS

The group undertakes a review of the environmental matters prior to deciding to proceed with an investment in a new operation. Once an investment is made the environmental implications are monitored on a regular basis and where necessary improvements are proposed.

CREDITOR PAYMENT POLICY

The Company does not follow any formal payment code but agrees terms with suppliers when opening an account, to ensure the supplier is made aware of these terms and to comply with payment terms agreed.

DOMINION ENERGY PLC

DIRECTORS REPORT(Contd.)

DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year and of the profit and loss of the Company for that period. In preparing those financial statements, the Directors confirm:

- suitable accounting policies have been selected and are applied consistently;
- judgements and estimates made are reasonable and prudent;
- applicable accounting standards have been followed,
- the financial statements have been prepared on a going concern basis

The Directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group to enable them to ensure that the financial statements comply with the stated accounting policies. They are also responsible for safeguarding the assets of the Company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

A resolution proposing the re-appointment of Henderson & Co. as auditors will be put to the shareholders at the Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by

Mr K Sodha
Director
2nd Floor, 19/20 Grosvenor Street
London
W1K 4QH

29 November 2005

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF DOMINION ENERGY PLC

We have audited the financial statements on pages 7 to 19 which have been prepared under the historical cost convention in accordance with the accounting policies as set out in pages 11 and 12.

This report is made solely to the company's members, as 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 auditor's 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' responsibility for preparing the financial statements in accordance with applicable laws, and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities, on page 4.

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 company 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, 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.

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF DOMINION ENERGY PLC

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 June 2005 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Henderson & Co

Henderson & Co
Chartered Accountants and Registered Auditor
87 Devonshire Road
London
N13 4 QU

29 November 2005

DOMINION ENERGY PLC
GROUP PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2005

	Notes		30.06.05 £		30.06.04 £
TURNOVER	2		**156,761**		170,882
Depreciation and amortisation		**99,639**		28,914	
Goodwill on consolidation written back		**(34,000)**	**(65,639)**	(34,000)	5086
Other cost of sales			**(141,468)**		(153,276)
GROSS (LOSS) / PROFIT			**(50,346)**		22,692
Administrative expenses			**(136,170)**		(127,173)
OPERATING LOSS	3		**(186,516)**		(104,481)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			**(186,516)**		(104,481)
Tax on loss on ordinary activities	4		**-**		-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION			**(186,516)**		(104,481)
Loss per share	5		**(0.229)** p		(0.128) p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended to 30 June 2005

	Notes	30.06.05	30.06.04
Loss for the financial year		**(186,516)**	(104,481)
Exchange differences on translation into sterling of net assets of subsidiary undertaking		**936**	(53,370)
Total gains and losses recognised in the financial year	14	**(185,580)**	(157,851)

All activities of the Company are continuing.

None of the Company's activities were acquired or discontinued during the year.

DOMINION ENERGY PLC

GROUP BALANCE SHEET
as at 30 June 2005

	Notes	30.06.05 £	30.06.04 £
FIXED ASSETS			
Intangible assets	7	**(9,299)**	(43,299)
Tangible assets	8	**426,902**	525,650
Investment	9	**50,000**	-
		467,603	482,351
CURRENT ASSETS			
Debtors	10	**134,146**	143,450
Cash at bank and in hand		**10,086**	25,492
		144,232	168,942
CREDITORS			
Amounts falling due within one year	11	**(428,347)**	(282,225)
NET CURRENT LIABILITIES		**(284,115)**	(113,283)
TOTAL ASSETS LESS CURRENT LIABILITIES		**183,488**	369,068
CAPITAL AND RESERVES			
Called up share capital	12	**816,065**	816,065
Share premium account	13	**134,104**	134,104
Exchange reserve	13	**(167,474)**	(168,410)
Profit and loss account	13	**(599,207)**	(412,691)
SHAREHOLDERS' FUNDS	14	**183,488**	369,068

These financial statements were approved by the Board of Directors on 29 November 2005 and signed on behalf of the Board of Directors.

Mr K Sodha

DOMINION ENERGY PLC

COMPANY BALANCE SHEET
as at 30 June 2005

	Notes	30.06.05 £	30.06.04 £
FIXED ASSETS			
Tangible assets	8	**2,473**	-
Investment in subsidiary undertakings	9	**170,988**	749,013
Investment	9	**50,000**	-
		223,461	749,013
CURRENT ASSETS			
Debtors	10	**91,575**	87,333
Cash at bank and in hand		**370**	15,736
		91,945	103,069
CREDITORS			
Amounts falling due within one year	11	**(300,949)**	(183,370)
NET CURRENT LIABILITIES		**(209,004)**	(80,301)
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,457**	668,712
CAPITAL AND RESERVES			
Called up share capital	12	**816,065**	816,065
Share premium account	13	**134,104**	134,104
Profit and loss account	13	**(935,712)**	(281,457)
SHAREHOLDERS' FUNDS		**14,457**	668,712

These financial statements were approved by the Board of Directors on 29 November 2005 and signed on behalf of the Board of Directors.

Mr K Sodha

DOMINION ENERGY PLC
GROUP CASH FLOW STATEMENT
for the year ended 30 June 2005

	Notes	*2005* £	*2004* £
Net cash inflow/ (outflow) from operating activities	15	**37,685**	(35,458)
Purchase of Tangible fixed Assets		**-3,091**	0
Purchase of Investment		**-50000**	0
CASH OUTFLOW BEFORE FINANCING		**(15,406)**	(35,458)
(DECREASE) IN CASH	16	**(15,406)**	(35,458)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (note 16)

	£	£
(DECREASE) IN CASH	**(15,406)**	(35,458)
Movement in net funds during the year	**(15,406)**	(35,458)
Net funds at 1 July 2004	**25,492**	60,950
NET FUNDS AT 30 JUNE 2005	**10,086**	25,492

DOMINION ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2005

1 ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been drawn up under the historic cost convention, in accordance with applicable accounting standards and on a going concern basis since the directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which demonstrate that the Company will be able to continue to trade and to meet its liabilities as they fall due.

Basis of consolidation

The group financial statements consolidate the financial statements of the Company and its operating subsidiary undertaking. No profit and loss account is presented for the Company as permitted by Section 230 of the Companies Act 1985.

Foreign Exchange

Transactions of UK company denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of transaction. Any foreign exchange differences are taken to the profit and loss account. Balances at the year end denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Assets and liabilities of foreign currency subsidiary undertakings are translated into sterling at closing rates of exchange; profit and loss financial statements are translated at average rates of exchange. The exchange differences resulting from the translation at closing rates of net investments in foreign currency subsidiary undertakings, together with the differences between profit and loss statements translated at average rates and at closing rates, are taken to reserves and separately identified as an Exchange Reserve.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment to their carrying values.

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2005 (continued)

(Accounting Policies - continued)

Tangible fixed asset
Costs of acquiring undeveloped acreage and of successful exploration and appraisal activity are capitalised. Unsuccessful exploration and appraisal activity and geology and geophysical costs are expensed.

Costs of acquiring developed acreage, drilling and equipping productive wells, including development dry holes, related production facilities and related pre-production interest are capitalised. All capitalised exploration and development costs are classified as tangible assets.

Depreciation and amortisation
The acquisition costs of acreage for which there are no developed plans are amortised over the lives of the related leases or such shorter periods as necessary to fully depreciate the acreage. Depreciation and amortisation of successful exploration and appraisal acreage, wells and oil and gas production equipment is determined under the unit of production method based on the estimated proven producing oil and gas reserves by field. Under the unit of production method, the effects of any changes in estimates are dealt with prospectively. Additional depreciation charges are provided for field assets where the directors consider that there has been an indicator of impairment and the test, carried out in accordance with FRS11, results in an impairment of the asset.

Depreciation of other fixed assets is determined under the straight line method using various rates upto 20 per cent, designed to write off assets over their estimated useful lives.

Deferred taxation
Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2005 (continued)

2 TURNOVER AND SEGMENTAL INFORMATION

Turnover represents the amount of goods sold and services provided during the year stated net of any value added tax or any royalty interests to external customers. All of the group's turnover is derived from the production and sale of oil and natural gas in the United States of America.

	Profit (Loss) analysis		Asset (liability) analysis	
	30.06.05	30.06.04	**30.06.05**	30.06.04
	£	£	**£**	£
US activities	**(131,786)**	(88,616)	**288,310**	415,646
UK Head office	**(54,730)**	(15,865)	**(114,908)**	(72,070)
Loss on ordinary activities before taxation	**(186,516)**	(104,481)	**173,402**	343,576

Total operating assets	**173,402**	343,576
Cash	**10,086**	25,492
Total net assets	**183,488**	369,068

3 OPERATING LOSS

		30.06.05	30.06.04
		£	£
Operating loss is stated after charging:			
In cost of sales:			
Depreciation		**99,639**	28,914
Goodwill written back		**(34,000)**	(34,000)
In administrative expenses:			
Auditors' remuneration	- audit services	**3,500**	3,000
	- non audit services	**4,500**	4,500

DOMINION ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2005 (continued)

4 TAXATION

No liability to U.K. Corporation Tax or US Federal Tax arises based on the results for the year. The group is carrying tax losses in both the UK and the US, available for relief against future taxable profits.

5 LOSS PER ORDINARY SHARE

The loss per share of 0.229 pence (2004:loss 0.128 pence) has been calculated on the loss of £186,516 (2004:loss £104,481) and on 81,606,500 (2004: 81,606,500) ordinary shares, being the weighted average number of ordinary shares issued during the year ended 30 June 2005.

6 DIRECTORS AND STAFF

The emoluments and remunerations for the year for Directors and staff is as follows:

	30.06.05	30.06.04
	£	£
Highest paid director	**32,281**	35,438
Staff costs including directors		
Wages and salaries	**75,281**	77,215
Social Security costs	**5504**	5471
	80,785	82,686

The average monthly number of persons employed by the group during the year, including executive directors

	30.06.05	30.06.04
Management	**2**	2

7 INTANGIBLE ASSETS - GOODWILL

Group	**30.06.05**	30.06.04
Cost	**£**	£
At 1 July 2004	**(43,299)**	(77,299)
Released to profit and loss account	**34,000**	34,000
As at 30 June 2005	**(9,299)**	(43,299)

The negative goodwill arises as a result of the price paid for acquiring the subsidiary being less than the aggregate fair value of the subsidiary's net total assets. Negative goodwill arose in respect of non-monetary assets and will be released to profit and loss account on a basis consistent with the declining reserves. Reserves are considered to decline within 5 years. The remaining negative goodwill will be adjusted next year.

DOMINION ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2005 (continued)

8 TANGIBLE ASSETS

Cost:	*Subsidiary Producing fields* £	*Company Office equipment* £	*Group Total* £
At 1 July 2004	4,536,287	-	4,536,287
Additions	-	3,091	3,091
Foreign exchange	6,535	-	6,535
At 30 June 2005	4,542,822	3,091	4,545,913
Depreciation and amortisation:			
At 1 July 2004	4,010,637	-	4,010,637
Charge for the period	18,319	618	18,937
Dimunuition in value	80,702	-	80,702
Foreign exchange	8,735	-	8,735
at 30 June 2005	4,118,393	618	4,119,011
Net book value:			
At 30 June 2005	**424,429**	**2,473**	**426,902**
At 30 June 2004	525,650	-	525,650

9 INVESTMENTS

a) ***Group & Company***

Cost	
Additions	50,000
At 30 June 2005	**50,000**

The investment comprises the cost of company's investment in shares of 1p each in Dominion Mining PLC.

b) ***Company***

Cost:	
At 1 July 2004	749,013
Less: Provision for Dominion investment	(565,525)
Less: Transfer to investment (see above)	(12,500)
At 30 June 2005	**170,988**

Subsidiary undertakings:
The Company owns 100 per cent of the ordinary share capital of Dominion Oil USA Corp. which is a US company incorporated in Texas, whose principal activity is the development and production of oil and gas in the United States of America.
The investment has been written down to reflect the net book value of the investment.

DOMINION ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2005 (continued)

10 DEBTORS

	Group		Company	
	30.06.05	30.06.04	**30.06.05**	30.06.04
	£	£	**£**	£
Amount due from parent undertaking	**110,047**	117,864	**79,472**	87,333
Other debtors	**24,099**	25,586	**12,103**	-
	134,146	143,450	**91,575**	87,333

11 CREDITORS
- amounts falling due within one year

	Group		Company	
	30.06.05	30.06.04	**30.06.05**	30.06.04
	£	£	**£**	£
Other creditors	**102,187**	37,951	**104,066**	34,991
Accruals	**326,160**	244,274	**196,883**	148,379
	428,347	282,225	**300,949**	183,370

12 SHARE CAPITAL

	30.06.05	**30.06.05**	30.06.04	30.06.04
	No.	***£***	*No.*	*£*
Authorised:				
Ordinary shares of 1p each	**300,000,000**	**3,000,000**	300,000,000	3,000,000
	300,000,000	**3,000,000**	300,000,000	3,000,000
Issued and fully paid:				
Ordinary shares of 1p each	**81,606,500**	**816,065**	81,606,500	816,065
	81,606,500	**816,065**	81,606,500	816,065

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2005(continued)

12 SHARE CAPITAL (continued)

The share options over ordinary shares held by the Directors and others are as follows:

Name	Number of options at 1 July 2004 and at 30 June 2005
M Alikhani	1,764,706
H Jelsma	1,764,706
R Stubbs	1,323,529
K Sodha	1,323,529
G Verspyck	441,176
Others	882,354
	7,500,000

The above options and warrants are all exercisable as follows:

Percentage of options	Exercise date	Exercise price
50%	6th July 2006	3p
50%	6th July 2007	5p

No options or warrants were exercised during the year.

DOMINION ENERGY PLC
NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2005 (continued)

13 RESERVES

Group	**Share premium**	**Exchange reserve**	**Profit and loss account**
	£	**£**	**£**
At 30 June 2004	134,104	(168,410)	(412,691)
Foreign currency translation differences	-	936	-
Retained loss for the year	-	-	(186,516)
At 30 June 2005	134,104	(167,474)	(599,207)

Company	**Share premium**	**Profit and loss account**
	£	**£**
At 30 June 2004	134,104	(281,457)
Retained loss for the year	-	(654,255)
At 30 June 2005	134,104	(935,712)

Retained loss for the year include a provision of £565,525 against investment (note 9)

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.06.05	30.06.04
	£	£
At 30 June 2004	**369,068**	526,919
Total recognised gains and losses	**(185,580)**	(157,851)
At 30 June 2005	**183,488**	369,068

15 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

		2005	*2004*
		£	£
Operating loss		**(186,516)**	(104,481)
Depreciation	-ordinary	**99,639**	28,914
	- goodwill amortisation	**(34,000)**	(34,000)
Decrease / (Increase) in debtors		**9,304**	(18,248)
Increase in creditors		**146,122**	94,108
Foreign currency translation differences		**3,136**	(1,751)
Net cash inflow/(outflow) from operating activities		**37,685**	(35,458)

16 ANALYSIS OF CHANGE IN NET FUNDS

	1 July 2004	Cash flow	**30 June 2005**
	£	£	**£**
Cash at bank	25,492	(15,406)	**10,086**
Net funds	25,492	(15,406)	**10,086**

DOMINION ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2005 (continued)

17 FINANCIAL INSTRUMENTS

In reporting financial instruments, the group has taken advantage of the exemption available under FRS13 not to provide numerical disclosures in relation to short term debtors and creditors.

The group's financial instruments comprise borrowings and cash. The main purpose of those financial instruments is to provide financing for the group's operations. The group has various other financial instruments such as trade debtors and trade creditors, that arise directly from its operations.

It is, and has been throughout the year under review, the group's policy that no dealing in financial instruments shall be undertaken, except for the purpose of hedging the group's financial risks.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board considers each of these risks on a regular basis and the group's policy stance towards each of these risks has remained unchanged during the year.

Interest rate risk
The group finances its operations through a mixture of equity capital, cash, bank overdraft and bank borrowings. The group has financed its acquisitions primarily through the issue of shares and share warrants. The group borrows in the desired currencies mainly at floating rates of interest, to manage the group's exposure to interest rate fluctuations.

Liquidity risk
The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank borrowings. In addition the group maintains undrawn committed borrowing facilities, after taking into account anticipated expenditure on acquisitions, in order to provide flexibility in the management of the group's liquidity. Short term flexibility is achieved by the use of bank overdrafts.

Foreign currency risk
Although the group is based in the UK, it has significant investment in the US. As a result, the group's sterling balance sheet can be affected by movements in the US Dollar exchange rate. The movements in the year have not been material.

18 RELATED PARTY TRANSACTIONS

During the year Mr. Henk Jelsma, the director, was repaid US$ nil (£nil) (2004: US$1,620 (£931) from the subsidiary (Dominion Oil USA) against his loan.

19 PARENT UNDERTAKING AND CONTROLLER

Tecteon PLC, a company registered in the United Kingdom, is the Company's parent undertaking. No shareholder has overall control over Tecteon PLC.