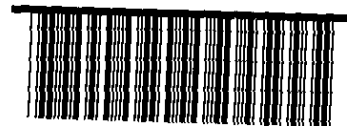


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Report of the Director and
Financial Statements for the Period 26 June 2001 to 31 December 2001
for
Argent Energy Limited



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Argent Energy Limited

Company Information

for the Period 26 June 2001 to 31 December 2001

DIRECTOR:	D J Ward
SECRETARY:	L E P Jannetta
REGISTERED OFFICE:	Omoa Works Biggar Road Newarthill Motherwell ML1 5LY
REGISTERED NUMBER:	220609 (Scotland)
AUDITORS:	PricewaterhouseCoopers Registered auditors Kintyre House 209 West George Street Glasgow G2 2LW

Argent Energy Limited

Report of the Director

for the Period 26 June 2001 to 31 December 2001

The director presents his report with the financial statements of the company for the period 26 June 2001 to 31 December 2001.

INCORPORATION

The company was incorporated on 26 June 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the commencement of a project for the production of alternative forms of energy.

REVIEW OF BUSINESS

The results for the period and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2001.

DIRECTOR

D J Ward was the sole director during the period under review.

The director holding office at 31 December 2001 did not hold any beneficial interest in the issued share capital of the company at 26 June 2001 or 31 December 2001.

The director, being eligible, offers himself for election at the forthcoming first Annual General Meeting.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 or loss of the company for that period. In preparing those financial statements, the director is required to

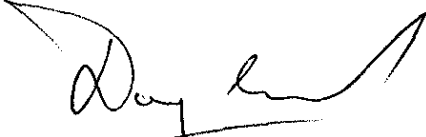

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

AUDITORS

The auditors, PricewaterhouseCoopers, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



D J Ward - DIRECTOR

Dated: 28 May 2002

Independent auditors' report to the members of Argent Energy Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 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 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 of the state of the company's affairs at 31 December 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Kintyre House
209 West George Street
Glasgow
G2 2LW
28 May 2002

Argent Energy Limited

Profit and Loss Account

for the Period 26 June 2001 to 31 December 2001

	Notes	£
TURNOVER		-
Administrative expenses		(232,511)
OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(232,511)
Tax on loss on ordinary activities	3	-
LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION		(232,511)
DEFICIT CARRIED FORWARD		£(232,511)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current period.

The notes form part of these financial statements

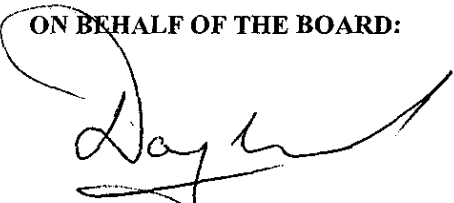
Argent Energy Limited

Balance Sheet

31 December 2001

	Notes	£
FIXED ASSETS:		
Tangible assets	4	202,800
CURRENT ASSETS:		
Debtors	5	1
CREDITORS: Amounts falling due within one year	6	<u>(435,311)</u>
NET CURRENT LIABILITIES:		<u>(435,310)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		<u>£(232,510)</u>
CAPITAL AND RESERVES:		
Called up share capital	7	1
Profit and loss account		<u>(232,511)</u>
SHAREHOLDERS' FUNDS:	10	<u>£(232,510)</u>

ON BEHALF OF THE BOARD:


D J Ward - DIRECTOR

Approved by the Board on 28 May 2002

The notes form part of these financial statements

Notes to the Financial Statements
for the Period 26 June 2001 to 31 December 2001

1. **ACCOUNTING POLICIES**

Accounting convention

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Assets under construction	- 33% on cost, 25% on cost and 15% on cost
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GOING CONCERN

The company has received confirmation that it will receive ongoing support from its parent company. Consequently the directors have determined that it is appropriate to prepare the financial statements under the going concern basis of accounting.

2. **OPERATING LOSS**

The operating loss is stated after charging:

	£
Director's emoluments	-
	<u>=</u>

3. **TAXATION**

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the period.

4. **TANGIBLE FIXED ASSETS**

	Assets under construction
	<u>£</u>
COST:	
Additions	202,800
	<u>202,800</u>
At 31 December 2001	
	<u>202,800</u>
NET BOOK VALUE:	
At 31 December 2001	<u>202,800</u>

Depreciation will commence when the plant becomes operational.

5. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	£
Owed by group undertakings	1
	<u>=</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Owed to group undertakings	£ 435,311
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7. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	£
1,000	Ordinary	£1	1,000

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	£
1	Ordinary	£1	1

8. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Argent By Products Limited. The ultimate parent undertaking and controlling party is Argent Group Europe Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Argent Group Europe Limited consolidated financial statements can be obtained from the Company Secretary at Ambron House, Eastfield Road, Wellingborough, Northamptonshire NN8 1QX.

9. RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of Argent Group Europe Limited and is included in the consolidated financial statements of Argent Group Europe Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of Argent Group Europe Limited or investees of Argent Group Europe Limited.

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Loss for the financial period	£ (232,511)
Share capital issued	1
Net reduction of shareholders' funds	(232,510)
Opening shareholders' funds	-
Closing shareholders' funds	(232,510)
Equity interests	(232,510)