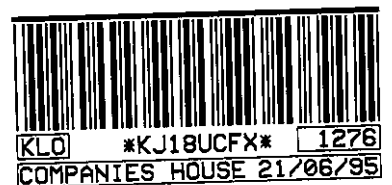


PETROSWEDE UK LIMITED

Directors' report and accounts

31 December 1994

Registered number 1191501



Petroswede UK Limited

Directors' report and financial statements

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Petroswede UK Limited

Directors' report

The directors present their annual report and the audited accounts for the year ended 31 December 1994.

Ownership of the parent company

The company is wholly owned by Svenska Petroleum Exploration AB. Svenska Petroleum Exploration AB is part of a group in which Corral Petroleum Holdings AB is the ultimate parent company. Both Svenska Petroleum Exploration AB and Corral Petroleum Holdings AB are incorporated in Sweden. The ultimate parent company has changed from Kooperativa Förbundet to Corral Petroleum Holdings AB during the year.

Principal activities and main events

The company did not trade during the year.

Directors and directors' interests

The directors who served during the year were:

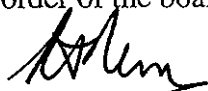
P Andersson
M Schmeitzner
B Grossi
D Duncan (Resigned 5 May 1994)
F Linder (Appointed 5 May 1994 and resigned 1 October 1994)
J Hagen (Appointed 1 October 1994)

None of the directors held any beneficial interest in shares of the company or ultimate parent company during the year.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly have signed their report in their new name. In accordance with section 385 of the companies act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Trusee Limited
Secretary

27 April 1995

Petroswede UK Limited

Statement of directors' responsibility

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 or loss of the company for that period. 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 maintaining 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 financial statements 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.

Petroswede UK Limited

Auditors' Report to the members of Petroswede UK Limited

We have audited the financial statements on pages 4 to 5

Respective responsibilities of directors and auditors

As described on page 2 the directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conduct 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 affairs of the company as at 31 December 1994 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
London
Chartered Accountants
Registered Auditors

27 April 1995

Petroswede UK Limited

**Balance sheet
as at 31 December 1994**

	Note	1994 £	1993 £
Current assets:			
Debtors: Amount owed by group undertaking		<u>3</u>	<u>3</u>
Capital and reserves:			
Called up share capital	3	<u>3</u>	<u>3</u>

The following notes on page 5 form an integral part of these accounts.

These accounts were approved by the board of directors on 27 April 1995
and were signed on its behalf by:



M Schmeitzner
Director

Petroswede UK Limited

Notes

1 Accounting policies

Accounting standards and convention

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

2 Profit and loss account

The company did not trade during the year, has received no income and incurred no expenditure, and consequently has made neither a profit nor a loss for the year.

3 Share capital

	£	£
<i>Authorised share capital:</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Share capital allotted, called up and fully paid:

Ordinary shares of £ 1 each	<u>3</u>	<u>3</u>
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4 Result for the year

No emoluments were paid to directors by the company during the year (1993 £nil)

The auditors' remuneration is borne by the parent company.

5 Ultimate parent company

The company's ultimate parent company is Corral Petroleum Holdings AB, incorporated in Sweden with registration number 556477-1284.