

PREMIER OIL VENTURES LIMITED

Annual Report and Financial Statements

Year Ended 31 December 2006



# Premier Oil Ventures Limited


## BALANCE SHEET

As at 31 December 2006

	<i>Notes</i>	<i>2006</i> <i>US\$000</i>	<i>2005</i> <i>US\$000</i>
<b>CREDITORS</b> amounts falling due after one year	4	(4,048)	(4,048)
<b>NET LIABILITIES</b>		<u>(4,048)</u>	<u>(4,048)</u>
 <b>CAPITAL AND RESERVES</b>			
Share capital	5	6,144	6,144
Share premium	6	288	288
Profit and loss account	6	<u>(10,480)</u>	<u>(10,480)</u>
<b>SHAREHOLDER'S DEFICIT</b>		<u>(4,048)</u>	<u>(4,048)</u>

- a) For the year ended 31 December 2006 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985
- b) Members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985
- c) The directors acknowledge their responsibility for
  - (i) Ensuring the Company keeps accounting records which comply with section 221, and
  - (ii) 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 of its profit or loss 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

Approved by the Board on 10 September 2007  
and signed on its behalf by



A R C Durrant  
DIRECTOR

NOTES TO THE ACCOUNTS

For the year ended 31 December 2006

**1. ACCOUNTING POLICIES**

***Accounting convention***

The financial statements have been prepared under the historical cost convention and in accordance with applicable law and accounting standards in the UK. The principal accounting policies are noted below which have been applied consistently in both current and preceding years.

***Translation of foreign currencies***

The reporting currency of the Company is United States dollars.

All transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rate, subsequent to the dates of the transactions, is included as an exchange gain or loss in the profit and loss account.

***Related party transactions***

The directors have taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard (FRS) 8 – 'Related Party Disclosures' from disclosing details of transactions with its ultimate parent, subsidiaries and fellow subsidiary undertakings.

***Cash flow statement***

The directors have taken advantage of the exemption in paragraph 5(a) of FRS 1 (revised) 1996 from producing a cash flow statement.

***Taxation***

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

***Deferred tax***

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. The exception to this is that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**2. PROFIT AND LOSS ACCOUNT**

The Company did not trade during the years 2006 and 2005.

No staff were employed during the year (2005: none). Directors' remuneration was borne by the ultimate parent company in both the current and preceding years.

**3. TAXATION**

There was no tax charge in the current year (2005: US\$nil).

# Premier Oil Ventures Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2006

### 4 CREDITORS: amounts falling due after one year

	2006 US\$000	2005 US\$000
Amounts owed to the immediate parent company	4,048	4,048
	<u>4,048</u>	<u>4,048</u>

Amounts owed to the immediate parent company comprise loans denominated in US Dollars and falling due for repayment in 2012. No interest is payable on the loan.

### 5 SHARE CAPITAL

	2006 \$000	2005 \$000
Authorised 4,000,000 Ordinary shares of £1 each	7,680	7,680
	<u>7,680</u>	<u>7,680</u>
Allotted called up and fully paid 3,200,000 Ordinary shares of £1 each	6,144	6,144
	<u>6,144</u>	<u>6,144</u>

The share capital was translated from Sterling to US dollars at the rate of exchange prevailing on 1 January 2005, being the date of change of the functional currency from Sterling to US dollar.

### 6 RECONCILIATION OF SHAREHOLDER'S DEFICIT AND MOVEMENT ON RESERVES

	Share capital US\$000	Share premium account US\$000	Profit and loss account US\$000	Total share- holder's deficit US\$000
At 1 January and 31 December 2006	6,144	288	(10,480)	(4,048)

There were no changes in the shareholder's deficit in either the current or preceding years.

### 7. ULTIMATE PARENT COMPANY

The Company's immediate parent company is Premier Oil Holdings Limited. The Company's ultimate parent company and controlling party is Premier Oil plc, a company registered in Scotland. Premier Oil plc is the parent undertaking of the largest and the smallest group of which the Company is a member and for which group accounts are prepared. Copies of the group accounts are available from Premier Oil plc, 23 Lower Belgrave Street, London, SW1W 0NR.