

PREMIER OIL VENTURES LIMITED  
(FORMERLY KNOWN AS VENTURE OIL COMPANY LIMITED)

Report and Accounts

Year ended 31 December 2003



## **Premier Oil Ventures Limited**

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Premier Oil Ventures Limited  
(Formerly Venture Oil Company Limited)

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**DIRECTORS' REPORT**

The directors submit their report and audited accounts for the year ended 31 December 2003.

**RESULTS AND DIVIDENDS**

The Company's net loss after tax for the year ended 31 December 2003 was £4,464,391 (2002 – £Nil)

The directors do not recommend the payment of a dividend (2002 – £Nil).

**PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The main activity of the Company is oil and gas exploration.

**DIRECTORS AND THEIR INTERESTS**

The directors of the Company during the year ended 31 December 2003 were:

C J A Jamieson (Chairman)

J A van der Welle

R T Liddell (resigned 31 January 2003)

No director had a disclosable interest in the shares of the company at 31 December 2003. At the year end the directors were also directors of the ultimate parent company, Premier Oil plc, in whose accounts their interests in the share capital of that company and other group undertakings are shown.

No director held any interest in any contract with the Company.

**ENVIRONMENT**

The Company is aware of its responsibility to protect the environment and will ensure that its operations meet statutory requirements and regulations and are carried out with minimal environmental impact.

By order of the Board

C J A Jamieson  
DIRECTOR  
14 September 2004

Charles Jamieson

Premier Oil Ventures Limited  
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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PREMIER OIL VENTURES LIMITED**

We have audited the accounts for the year ended 31 December 2003 which comprise Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 9. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a 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 auditors' 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**

As described in the Statement of Directors' Responsibilities, the Company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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.

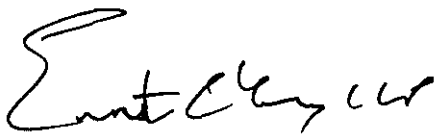
### **Basis of audit opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Ernst & Young LLP**  
Registered Auditor  
London

14.9.04

Premier Oil Ventures Limited  
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PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2003

		2003	2002
	Notes	£000	£000
Write off of oil and gas assets		(4,512)	—
<b>OPERATING LOSS</b>	2	(4,512)	—
Exchange gain		48	—
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(4,464)	—
Taxation on loss on ordinary activities	3	—	—
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(4,464)	—

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no other recognised gains and losses in the year other than the loss of £4,464,391 (2002 – £Nil).

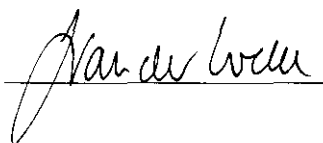
Premier Oil Ventures Limited  
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BALANCE SHEET  
as at 31 December 2003

	Notes	2003 £000	2002 £000
<b>FIXED ASSETS</b>			
Intangible assets	4	2,518	—
		<u>2,518</u>	<u>—</u>
<b>CURRENT ASSETS</b>			
Debtors	5	2,707	2,778
		<u>2,707</u>	<u>2,778</u>
<b>CREDITORS: amounts falling due within one year</b>	6	(6,911)	—
		<u>(4,204)</u>	<u>2,778</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>			
		<u>(1,686)</u>	<u>2,778</u>
<b>TOTAL NET CURRENT (LIABILITIES) / ASSETS</b>			
		<u>(1,686)</u>	<u>2,778</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	7	3,200	3,200
Share premium	8	150	150
Profit and loss account	8	(5,036)	(572)
		<u>(1,686)</u>	<u>2,778</u>
<b>SHAREHOLDER'S FUNDS</b>			
		<u>(1,686)</u>	<u>2,778</u>

Approved by the Board on 14 September 2004  
and signed on its behalf by:

J A van der Welle  
DIRECTOR



Premier Oil Ventures Limited  
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NOTES TO THE ACCOUNTS  
at 31 December 2003

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with the Oil Industry Accounting Committee Statement of Recommended Practice – 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' and applicable accounting standards.

The accounts are prepared on a going concern basis because the ultimate parent company has agreed to provide funds, sufficient in the opinion of the directors, to enable the Company to meet its liabilities as they fall due.

*Fixed assets*

The Company follows the full cost method of accounting under which all expenditure relating to the acquisition, exploration, appraisal and development of oil and gas interests is capitalised into appropriate cost pools. Proceeds on disposal of an interest are credited to the relevant cost pool.

The Company cost pools are as follows:

North West Europe: This pool will contain Company's assets in the UK and any new production assets in the North Sea.

Far East: All investments in and around Far East Asia including Indonesia and Philippines.

South Asia: Exploration interests in Pakistan, India and any other South Asia country.

West Africa: Exploration and production onshore and offshore Western Africa.

Other: For all other areas.

Intangible fixed assets consisting of expenditure on significant new exploration areas and licences are excluded from the capitalised tangible cost pools pending determination of commercial reserves. Capitalised exploration expenditure is carried forward until either it is declared part of a commercial development or the licence area is abandoned, at which point the relevant total is transferred to the relevant tangible cost pool. Where there are no development and producing assets within the cost pool, the transferred exploration costs are charged immediately to the profit and loss account.

*Amortisation*

Amortisation of expenditure held in the tangible cost pool is provided using the unit of production method based on proved and provable reserves of oil and gas, and estimated future development expenditure expected to be incurred to access these reserves. Changes in reserves are accounted for prospectively.

*Impairment of value*

An estimate of the discounted future net revenues is made where there are indicators of impairment and compared to the net capitalised expenditure held in each cost pool. Where, in the opinion of the directors, there is impairment, tangible asset values are written down accordingly through the profit and loss account.



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NOTES TO THE ACCOUNTS  
at 31 December 2003

1. ACCOUNTING POLICIES (CONTINUED)

*Translation of foreign currencies*

All transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rate, subsequent to the date of the transaction, 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 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.

2. OPERATING LOSS

Auditors' remuneration is borne wholly by the ultimate parent company.

No staff were employed during the year (2002 – none).

The directors did not receive remuneration for their services to the Company (2002 – £nil). This is borne by the ultimate parent company.

3. TAXATION

	2003	2002
	£000	£000
Profit on ordinary activities before tax	(4,464)	–
Profit on ordinary activities before tax @ 30%	(1,339)	–
Effects of:		
Provision for oil and gas assets	1,354	–
Group relief claim	(15)	–
Current tax charge for period	–	–

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NOTES TO THE ACCOUNTS  
at 31 December 2003

4. INTANGIBLE FIXED ASSETS

	<i>Far East £000</i>	<i>South Asia £000</i>	<i>West Africa £000</i>	<i>Other £000</i>	<i>Total £000</i>
At 1 January 2003	–	–	–	–	–
Additions during the year	160	254	6,266	350	7,030
Exploration expenditure written off	–	–	(4,512)	–	(4,512)
At 31 December 2003	<u>160</u>	<u>254</u>	<u>1,754</u>	<u>350</u>	<u>2,518</u>

5. DEBTORS

	<i>2003 £'000</i>	<i>2002 £'000</i>
Due from immediate parent company	2,707	2,778
	<u>2,707</u>	<u>2,778</u>

6. CREDITORS: amounts falling due within one year

	<i>2003 £'000</i>	<i>2002 £'000</i>
Due to fellow subsidiary undertakings	6,709	–
Accruals	202	–
	<u>6,911</u>	<u>–</u>

7. SHARE CAPITAL

	<i>2003 £'000</i>	<i>2002 £'000</i>
Authorised: 4,000,000 Ordinary shares of £1 each	4,000	4,000
Allotted called up and fully paid: 3,200,000 Ordinary shares of £1 each	<u>3,200</u>	<u>3,200</u>

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NOTES TO THE ACCOUNTS  
at 31 December 2003

8. RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
At 1 January 2003	3,200	150	(572)	2,778
Loss for the year	–	–	(4,464)	(4,464)
At 31 December 2003	3,200	150	(5,036)	(1,686)

9. ULTIMATE PARENT COMPANY

The Company's ultimate parent company and controlling party is Premier Oil plc (formerly Premier Oil Group plc), a company registered in Scotland. It is a 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.