

# Owl Creek Investments Limited

## Directors' report and financial statements

For the year ended 31 December 2003

Registered Number: 1878917



## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-2
Auditors' report	3
Profit and loss account	4
Reconciliation of movements in shareholders' funds	4
Balance sheet	5
Notes	6-7

# Owl Creek Investments Limited

## Directors' report

The Directors present their report and the audited financial statements of Owl Creek Investments Limited (the Company) for the year ended 31 December 2003.

### Principal activities

In 2002, the Company disposed of substantially all of its North America investments. The Company did not trade in 2003, therefore no gains or losses have resulted.

### Results and dividends

The Company made a profit after tax of nil (2002: nil). The Directors do not recommend the payment of a dividend.

### Directors and Directors' interests

The Directors who held office during the year were as follows:

P Davison  
RA Franklin  
CJ McDowell

The Directors have no direct interest in shares or debentures of the Company or of its subsidiaries. All the Directors of the Company at 31 December 2003 were Directors of the ultimate parent undertaking, Paladin Resources plc, and their interests are disclosed in the financial statements of that company.

# Owl Creek Investments Limited

## Directors' report (*continued*)

### Statement of Directors' responsibilities

The following statement is provided with a view to distinguishing for shareholders the relative responsibilities of Directors and Auditors in respect of the financial statements and should be read in conjunction with the Auditors' report.

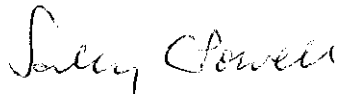
Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that year. In preparing those financial statements, the Directors are required to:

- 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; and
- 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985, as amended. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with these requirements and, as the ultimate parent undertaking, Paladin Resources plc, intends to provide such funds as are necessary for the Company to continue in existence for the foreseeable future, continue to prepare the accounts on a going concern basis.

By order of the Board



**Sally C Powell**  
*Company Secretary*

27 April 2004

# Owl Creek Investments Limited

## Independent Auditors' report to the members of Owl Creek Investments Limited

We have audited the Company's financial statements for the year ended 31 December 2003, which comprise the profit and loss account, balance sheet, reconciliation of movements in shareholders' funds and the related notes 1 to 9. These financial statements 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 financial statements in accordance with applicable United Kingdom law and accounting standards. 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 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 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Ernst & Young LLP**

Registered Auditor

London

27 April 2004

# Owl Creek Investments Limited

## Profit and loss account

*for the year ended 31 December*

	Notes	2003 £000	2002 £000
Turnover		-	-
Cost of sales		-	-
Write off of fixed asset investments		-	-
Write off of amounts due from subsidiary undertakings		-	-
Operating profit		-	-
Interest payable and similar items		-	-
Profit on ordinary activities before taxation	2	-	-
Taxation on ordinary activities	4	-	-
Profit for the year		-	-

The results for the year relate wholly to discontinued activities.

## Statement of total recognised gains and losses

*For the financial year ended 31 December*

There were no gains or losses attributable to the shareholders of the company during the 2003 (2002: £nil).

## Reconciliation of movements in shareholders' funds

*for the financial year ended 31 December*

	2003 £000	2002 £000
Profit for the financial year	-	-
Net reduction in shareholders' funds	-	-
Opening shareholders' funds	1,043	1,043
Closing shareholders' funds	1,043	1,043

# Owl Creek Investments Limited

## Balance sheet

at 31 December

	Note	2003 £000	2002 £000
<b>Fixed assets</b>			
Investments	5	-	-
<b>Current assets</b>			
Debtors	6	1,043	1,043
<b>Net current assets</b>		1,043	1,043
<b>Net assets</b>		1,043	1,043
<b>Capital and reserves</b>			
Called up share capital	7	-	-
Capital redemption reserve	8	7,478	7,478
Profit and loss account	8	(6,435)	(6,435)
<b>Shareholders' funds - equity</b>		1,043	1,043

These financial statements were approved by the Board of Directors on 27 April 2004 and were signed on its behalf by:



**P Davison**  
Director

# Owl Creek Investments Limited

## Notes

*(forming part of the financial statements)*

### **1 Accounting Policies**

#### ***Basis of preparation***

The financial statements have been prepared under the historical cost convention and in accordance with all applicable UK accounting standards, and accounting policies have been applied consistently.

#### ***Cashflow statement***

Under FRS1, "Cash Flow Statements", the Company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### ***Related parties***

As the Company is a wholly owned subsidiary of Paladin Resources plc, the Company has taken advantage of the exemption contained in FRS8, "Related Party Disclosures", and has therefore not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Paladin Resources plc, within which the Company is included, can be obtained from Kinnaird House, 1 Pall Mall East, London SW1Y 5PR.

### **2 Profit before tax**

Auditors' remuneration has been paid by the parent company on the Company's behalf.

### **3 Directors and employees**

The Directors received no remuneration for their services to the Company during the period. The Company has no employees.

### **4 Taxation**

No provision has been made for deferred tax and there are no potential deferred tax liabilities at the end of 2003 (2002: nil).

### **5 Fixed asset investment**

The Company's principal subsidiary, Melinga Oil and Gas Inc, was liquidated during the year. The investment had previously been written off.

### **6 Debtors**

	<b>2003</b>	<b>2002</b>
	<b>£000</b>	<b>£000</b>
Amounts due from parent undertaking	<b>1,043</b>	1,043



# Owl Creek Investments Limited

## Notes (continued)

### 7 Called up share capital

	2003 £	2002 £
<i>Authorised</i>		
140,000,000 ordinary shares of 5p each	7,000,000	7,000,000
100 'A' ordinary shares of \$1 each	68	68
	<b>7,000,068</b>	<b>7,000,068</b>

	2003 £	2002 £
<i>Allotted and fully paid</i>		
100 'A' ordinary shares of \$1 issued	68	68

### 8 Reserves

	Capital redemption reserve £000	Profit and loss account £000
At beginning of year	7,478	(6,435)
Retained profit for year	-	-
At end of year	<b>7,478</b>	<b>(6,435)</b>

### 9 Ultimate parent undertaking

The Company's ultimate parent undertaking is Paladin Resources plc, a company incorporated and registered in Scotland. The largest and smallest group in which the results of the Company are consolidated is that headed by Paladin Resources plc. The audited consolidated financial statements of Paladin Resources plc can be obtained from Kinnaird House, 1 Pall Mall East, London SW1Y 5PR. No other group financial statements include the results of the Company.