

Perenco Investments (U.K.)

Accounts for the year ended 31 December 2001
together with directors' and auditors' reports

Registered number: 02215004



Directors' report

For the year ended 31 December 2001

The directors submit their annual report and the accounts of the company together with the auditors' report for the year ended 31 December 2001.

Principal activity

The company is an investment holding company incorporated in England.

Results and dividends

The profit for the year was \$9,312,000 (2000 – \$12,656,000). The directors do not recommend the payment of a dividend for the year (2000 – \$nil).

Directors

The directors who held office during the year and subsequently were as shown below:

J-M.Y.G. Runacher

P.C. Spink

A.P. Eager

The directors do not hold any interests requiring disclosure.

Directors' responsibilities

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 judgments 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 accounts; and
- 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 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.

Directors' report (continued)

Share capital

Changes in the company's share capital during the year are detailed in Note 8 to the accounts.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

100 Sydney Street
London
SW3 6NJ

By order of the Board,


A. Eager

Secretary

16 May 2002

Independent auditors' report

To the shareholders of Perenco Investments (U.K.)

We have audited the financial statements of Perenco Investments (U.K.) for the year ended 31 December 2001, which comprise the Profit and loss account and the Balance sheet and the related notes numbered 1 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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 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 judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, 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.

Independent auditors' report

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

180 Strand

London

WC2R 1BL

16 May 2002

Profit and loss account

For the year ended 31 December 2001

	Notes	2001 \$'000	2000 \$'000
Exchange difference		174	997
Interest receivable		756	4,165
Gain (loss) on net intercompany balances	4	6,837	(1,467)
Gain on cancellation of shares	8	1,545	8,961
Profit on ordinary activities before and after taxation		<u>9,312</u>	<u>12,656</u>
Retained profit for the year	11	9,312	12,656
Retained loss, at beginning of year		(146,117)	(158,773)
Retained loss, at end of year	10	<u>(136,805)</u>	<u>(146,117)</u>

The accompanying notes are an integral part of this profit and loss account.

There were no recognised gains or losses in either year other than the profit for each year.

Balance sheet

31 December 2001

	Notes	2001 \$'000	2000 \$'000
Fixed assets			
Investments	5	-	-
Current assets			
Debtors	6	13,808	21,622
Cash		973	513
		<u>14,781</u>	<u>22,135</u>
Creditors: Amounts falling due within one year	7	(5,860)	(6,033)
		<u>8,921</u>	<u>16,102</u>
Net current assets			
		<u>8,921</u>	<u>16,102</u>
Total assets less current liabilities		<u>8,921</u>	<u>16,102</u>
Net assets		<u>8,921</u>	<u>16,102</u>
Capital and reserves			
Share capital	8	8,731	23,325
Share premium	9	136,995	138,894
Profit and loss account	9	(136,805)	(146,117)
		<u>8,921</u>	<u>16,102</u>
Shareholder's funds	10	<u>8,921</u>	<u>16,102</u>

Signed on behalf of the Board

A Eager

Director



16 May 2002

The accompanying notes are an integral part of this balance sheet.

Notes to accounts (continued)

1 Accounting policies

The principal accounting policies all of which have been applied consistently throughout the year, and the preceding year.

a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting and reporting standards. The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Perenco Holdings which prepares consolidated accounts which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

b) Investments

Investments in subsidiary undertakings are carried at acquisition cost plus amounts due from subsidiaries, less provision for any impairment in value. Income from investments represents dividends and interest received and receivable in respect of the financial year.

c) Royalties

Royalties arising in respect of oil and gas producing interests held by subsidiaries are expensed as related hydrocarbons are produced.

d) Foreign Currency

The company's functional currency is the US Dollar and these accounts have been prepared in US Dollars.

2 Taxation

No liability to taxation arises in either year due to the availability of tax losses.

3 Directors' and auditors' remuneration

Directors received no remuneration in either year in respect of their services to the company. Auditors' remuneration for both years was borne by the UK parent company.

4 Gain/(loss) on net intercompany balances

The gain/(loss) on net intercompany balances in the current and prior years reflects movements in provisions against net intercompany balances.

5 Investments

	2001 \$'000	2000 \$'000
Shares in subsidiaries	63,298	63,298
Provision for impairment	(63,298)	(63,298)
	<hr/>	<hr/>
	-	-

Notes to accounts (continued)

5 Investments (continued)

Principal subsidiaries

The principal subsidiary undertakings at 31 December 2001, which are listed below, were all wholly owned. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Incorporated in the United Kingdom

Perenco Resources Limited

Activity

Investment holding company

Incorporated in the Bahamas

Perenco Bahamas Limited

Activity

Investment holding company

6 Debtors

	2001 \$'000	2000 \$'000
Amounts owed by other group undertakings	13,808	14,874
Amounts owed by other related undertakings	-	6,748
	<u>13,808</u>	<u>21,622</u>

7 Creditors - Amounts falling due within one year

	2001 \$'000	2000 \$'000
Amounts owed to other group undertakings	5,349	5,509
Accruals	511	524
	<u>5,860</u>	<u>6,033</u>

8 Share capital

	Number	\$'000
<i>Authorised ordinary shares of £1 each</i>		
Beginning and end of year	<u>12,730,055</u>	<u>23,325</u>
<i>Allotted, called-up and fully paid</i>		
Beginning of year	12,730,055	23,325
1 Jan 2001 - cancellation of 4,526,111 shares	(4,526,111)	(8,293)
12 Jan 2001 - cancellation of 3,287,185 shares	(3,287,185)	(6,023)
16 Feb 2001 - cancellation of 27,508 shares	(27,508)	(51)
1 June 2001 - cancellation of 56,614 shares	(56,614)	(104)
4 December 2001 - cancellation of 56,331 shares	(56,331)	(103)
21 December 2001 - cancellation of 11,009 shares	(11,009)	(20)
End of year	<u>4,765,297</u>	<u>8,731</u>

Notes to accounts (continued)

8 Share capital (continued)

The share allotment and cancellations were all effected in connection with the rationalisation of intragroup debt. The cancellations were all recorded at their historical translation rates giving rise to a gain which has been taken to the profit and loss account in the current year.

9 Reserves

	Share capital \$'000	Share premium \$'000	Profit and loss account \$'000	Total \$'000
At 1 January 2001	23,325	138,894	(146,117)	16,102
Decrease in share capital	(14,594)	-	-	(14,594)
Decrease in share premium	-	(1,899)	-	(1,899)
Retained profit for the year	-	-	9,312	9,312
At 31 December 2001	<u>8,731</u>	<u>136,995</u>	<u>(136,805)</u>	<u>8,921</u>

10 Total equity shareholder's funds

	2001 \$'000	2000 \$'000
Retained profit for the year	9,312	12,656
(Decrease) increase in share premium	(1,899)	6,277
Reduction in share capital	(14,594)	(68,170)
Net (decrease) increase in funds	<u>(7,181)</u>	<u>(49,237)</u>
Shareholder's funds at beginning of year	16,102	65,339
Shareholder's funds at end of year	<u>8,921</u>	<u>16,102</u>

11 Ultimate parent company

The directors regard Perenco SA, a company incorporated in Panama, as the ultimate parent company and the ultimate controlling party.

Perenco Holdings, incorporated in England and Wales, is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from 100 Sydney Street, London, SW3 6NJ.

As a subsidiary undertaking of Perenco Holdings, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Perenco Holdings.