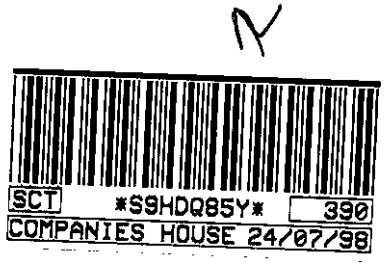
D E RESOURCES

LIMITED

FINANCIAL ACCOUNTS FOR THE YEAR

1st NOVEMBER 1996 TO 31st OCTOBER 1997



REGISTERED NUMBER : SC 134128

D E RESOURCES LTD.

YEAR ENDED 31st OCTOBER 1997

DIRECTOR
D. Thomas

COMPANY SECRETARY
Mrs. C. Thomas

REGISTERED OFFICE
101 Duthie Terrace,
Aberdeen,
AB10 7PT.

INDEX TO ACCOUNTS

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1.	Report of the Director
2.	Profit and Loss Account
3.	Balance Sheet
4. - 10.	Notes to the Accounts

The following does not form part of the Statutory Accounts :

11.	Detailed Profit and Loss Account

D E RESOURCES LTD.

REPORT OF THE DIRECTOR

FOR THE YEAR ENDED 31st OCTOBER 1997

The Director presents the Annual Report of the affairs of the Company, together with the Accounts for the above year.

PRINCIPAL ACTIVITY

The Company's principal activity during the year remained the provision of drilling engineering consultancy services to the onshore and offshore oil industry.

No goods were exported from the United Kingdom during the year.

DIRECTOR

The Director during the year under review who was beneficially interested in the shares in the Company at the beginning and end of the year was :-

	Ordinary Shares of £ 1 each	
	31st October 1997	1st November 1996
D. Thomas	1	1

POLITICAL OR CHARITABLE DONATIONS

No political or charitable donations were made during the year.

The Director has taken advantage, in the preparation of the above report, of the exemptions applicable to small Companies conferred by Schedule 8 Part 2 of the Companies Act 1985.

SIGNED ON BEHALF OF THE BOARD

13th July 1998

Date.....Director.....

D. Thomas

D E RESOURCES LTD.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st OCTOBER 1997

	Notes	1997	1996
		£	£
TURNOVER		101,380	111,837
Administrative expenses		25,681	36,100
		75,699	75,737
Other Operating Income	2	2,853	2,477
OPERATING PROFIT	3	78,552	78,214
Interest Receivable	4	2,269	2,925
		80,821	81,139
Interest Payable	5	-	1
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		80,821	81,138
Tax on profit on ordinary activities	6	18,347	20,111
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		62,474	61,027
Dividends	7	23,334	72,000
RETAINED PROFIT/(LOSS) FOR THE YEAR		39,140	(10,973)
Retained Profit brought forward		129,514	140,487
Retained Profit carried forward		£ 168,654	£ 129,514

All amounts relate to continuing activities.
The Company realised no gains or losses other than the profit for the year.

The notes set out on pages 4 to 10 form an integral part of these Accounts.

D E RESOURCES LTD.

BALANCE SHEET - 31st OCTOBER 1997

	Notes	1997		1996	
		£		£	
FIXED ASSETS		-		-	
Tangible assets	10	15,935		2,696	
Investments	11	66,531		66,393	
		82,466		69,089	
CURRENT ASSETS					
Debtors	12	30,985		24,555	
Cash at bank and in hand		82,138		44,232	
		113,123		68,787	
CREDITORS					
Amounts falling due within one year	13	26,933		8,360	
NET CURRENT ASSETS			86,190		60,427
TOTAL ASSETS LESS CURRENT LIABILITIES			£ 168,656		£ 129,516
CAPITAL AND RESERVES					
Called-up Share Capital	14		2		2
Profit and Loss Account	16		168,654		129,514
			£ 168,656		£ 129,516

The Director has taken advantage, in the preparation of these financial statements, of the total exemption conferred by section 249A(1) Companies Act 1985. No notice of requirement for audit has been deposited by any member under section 249B(2) Companies Act 1985 in relation to the Company's Accounts for the year ended 31st October 1997. The Director acknowledges his responsibilities for both ensuring that the Company keeps accounting records which comply with section 221 Companies Act 1985 and for preparing Accounts which give a true and fair view of the state of affairs of the Company as at 31st October 1997 and of its profit for the year then ended in accordance with the requirements of section 226 Companies Act 1985, and which otherwise comply with the requirements of the Act relating to Accounts, so far as applicable to the Company. The Director has taken advantage, in the preparation of these financial statements, of the exemptions conferred by section 246 Companies Act 1985 on the basis that the Company qualifies as a small Company.

Approved on behalf of the Company :

13th July 1998

Date.....Director.....

D. Thomas

The notes set out on pages 4 to 10 form an integral part of these Accounts.

D E RESOURCES LTD.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st OCTOBER 1997

1. ACCOUNTING POLICIES

a) Basis of accounting

These Accounts have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

b) Cash flow statement

The Company has taken advantage of the exemption, conferred by Financial Reporting Standard 1, from presenting a cash flow statement as it qualifies as a small Company.

c) Turnover

Turnover represents sales to external customers at invoiced amount less value added tax.

d) Depreciation

Depreciation is calculated to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. The annual depreciation rates and methods are as follows :-

Motor Vehicle	25%	Reducing balance
Equipment	15%	Reducing balance

e) Deferred taxation

Provision is made for deferred taxation except where, in the opinion of the Director, it is not likely to become payable in the foreseeable future.

2. OTHER OPERATING INCOME

	1997	1996
	£	£
Income from Fixed Asset Investments	-	-
in listed Companies	2,893	2,477
Loss on sale of Fixed Asset		
Investments in listed Companies	(40)	-
	£ 2,853	£ 2,477

D E RESOURCES LTD.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st OCTOBER 1997

3. OPERATING PROFIT

Operating profit is stated after charging :-	1997	1996
	£	£
Administrative expenses including :-	-	-
Depreciation	4,888	476
Loss on sale of Motor Vehicle	-	2,300
Loss on sale of Equipment	1,094	976
Director's Remuneration	7,000	12,940

4. INTEREST RECEIVABLE

	1997	1996
	£	£
	-	-
Deposit Account Interest	2,260	2,925
Other Interest Receivable	9	-
	£ 2,269	£ 2,925

5. INTEREST PAYABLE

	1997	1996
On bank and other borrowings repayable within five years	£ -	£ 1

6. TAXATION

	1997	1996
	£	£
U.K. Corporation Tax at 25% on the profit adjusted for tax purposes	-	-
U.K. Corporation Tax at 24% on the profit adjusted for tax purposes	8,190	11,559
U.K. Corporation Tax at 21% on the profit adjusted for tax purposes	10,157	-
	£ 18,347	£ 20,111

D E RESOURCES LTD.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st OCTOBER 1997

7. DIVIDENDS

	1997	1996
Ordinary Shares - paid £ 11,667 per share (1996 - £ 36,000 per share)	£ 23,334	£ 72,000

8. DIRECTOR'S EMOLUMENTS

	1997	1996
	£	£
Management Remuneration	7,000	12,940
Taxable Benefits (estimated)	3,500	3,000
	£ 10,500	£ 15,940

During the year the Director loaned funds to the Company and the balance owing to the Director at 31st October 1997 was £ 3,287.

9. STAFF

	1997	1996
	£	£
Aggregate amounts paid in respect of :-	-	-
Salaries and Wages	6,856	12,000
Social Security Costs	499	1,224
Other Pension Costs	-	-
	£ 7,355	£ 13,224

The average number of persons employed during the year (including the Director) by the Company was 2.

D E RESOURCES LTD.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st OCTOBER 1997

10. TANGIBLE FIXED ASSETS

	Motor Vehicle	Equipment	Total
COST			
As at 1st November 1996	-	4,549	4,549
Additions in year	17,655	1,864	19,519
Disposals in year	-	(2,155)	(2,155)
As at 31st October 1997	17,655	4,258	21,913
DEPRECIATION			
As at 1st November 1996	-	1,853	1,853
Charge in year	4,414	1,568	5,982
Disposals in year	-	(1,857)	(1,857)
As at 31st October 1997	4,414	1,564	5,978
NET BOOK VALUE			
As at 31st October 1997	13,241	2,694	£ 15,935
As at 31st October 1996	-	2,696	£ 2,696

D E RESOURCES LTD.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st OCTOBER 1997

11. FIXED ASSET INVESTMENTS

	Investments
COST	
As at 1st November 1996	66,393
Additions in year	333
Disposal in year	(195)
As at 31st October 1997	66,531
NET BOOK VALUE	
As at 31st October 1997	£ 66,531
As at 31st October 1996	£ 66,393

All investments included in the above are listed on the U.K. Stock Exchange and the total market value as at 31st October 1997 was £ 90,120.

12. DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997	1996
	£	£
	-	-
Trade Debtors	30,926	19,035
Prepayments	36	35
Accrued Income	23	14
U.K. Corporation Tax	-	1,953
Other Taxes and Social Security	-	193
Other Debtors	-	3,325
	£ 30,985	£ 24,555

D E RESOURCES LTD.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st OCTOBER 1997

13. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997	1996
	£	£
U.K. Corporation Tax	12,835	3,636
Value Added Tax	8,689	3,377
Other Taxes and Social Security	1,549	-
Other Creditors	573	530
Director's Current Account	3,287	817
	£ 26,933	£ 8,360

14. SHARE CAPITAL

	1997	1996
Authorised Share Capital - Ordinary Shares of £ 1 each	£ 1,000	£ 1,000
Issued and Fully Paid Share Capital - Ordinary Shares of £ 1 each	£ 2	£ 2

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Profit for the year	62,474	61,027
Dividends	23,334	72,000
Net addition to/(reduction from) shareholders' funds	39,140	(10,973)
Opening shareholders' funds	129,516	140,489
Closing shareholders' funds	£ 168,656	£ 129,516

D E RESOURCES LTD.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31st OCTOBER 1997

16. RESERVES

	Profit and Loss Account
	£
As at 31st October 1996	129,514
Profit for the year	39,140
As at 31st October 1997	£ 168,654

D E RESOURCES LTD.

DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st OCTOBER 1997

	1997	1996
	£	£
Turnover	101,380	111,837
Other Income : Income from Fixed Asset Investments	2,893	2,477
: Loss on sale of Fixed Asset Investments	(40)	-
: Deposit Account Interest	2,260	2,925
: PAYE repayment supplement	9	-
	106,502	117,239

Administrative expenses		
Salaries and Wages	7,355	13,224
Travel and Subsistence	1,545	1,748
Heating and Lighting	240	240
Telephone	247	252
Printing, Postage, Stationery and Advertising	573	399
Insurance	306	294
Accountancy	1,400	1,400
Bank Charges	78	109
Bank Interest	-	1
Sundries	15	18
Entertaining	88	545
Depreciation of Motor Vehicle	4,414	-
Loss on sale of Motor Vehicle	-	2,300
Depreciation of Equipment	474	476
Loss on sale of Equipment	1,094	976
Director's Remuneration :		
- D. Thomas	7,000	12,940
- National Insurance Contributions	852	1,179
Total administrative expenses	25,681	36,101
Net Profit before taxation	£ 80,821	£ 81,138