2401127

Dominion Energy PLC

Report and Accounts

30 June 1999

Board of Directors:
Following the resolution of the outstanding loan from BankOne, Henry Boyd resigned as Chairman and as a director on 10 September 1999 to pursue other business interests. Michael Finniston resigned as Financial Director on 6 September 1999 also to pursue other business interests. In the eight months that I spent working with them I appreciated their valuable work and contribution to Dominion during a very difficult time for the Company. Both deserve credit for their efforts in the settlement of debts and their organisational contributions.

The present Board comprises:

Henk H. Jelsma, Managing Director

Masoud Alikhani, Executive Director

Marc Winer, Non-Executive Director *

Gijs Verspyck, Non-Executive Director *

*Members of the Audit, Remuneration and Nomination Committees.

Conclusion:
During the last half year, the Dominion management team has improved operations, reduced bank debt to zero, and added assets in the form of additional reserves from the Kansas properties, plus the yet to be evaluated gas potential in Missouri.

The management of Dominion sees opportunities to develop profitable business internationally and in addition to its planned acquisitions in the United States is currently either evaluating or actively pursuing projects in the Caribbean, the Middle East and Russia.

All members of the Dominion Board subscribed for new share capital during 1999, and contributed significantly through management efforts to settle outstanding debt and court orders, partly at considerable personal expense. Shareholders will appreciate that growth from this point forward can only be achieved through solid investment.

The Kansas fields are small but potentially profitable, however not of a size which will enable Dominion to grow to its full potential. Now that your Company is positioned for growth, it is the Board's intention, with the help of shareholders, to work toward a Rights Issue to achieve new acquisitions and expansion, both in the USA and internationally.

Dominion looks forward to an increase in activity, expansion of operations and a profitable future for its shareholders.

Henk Jelsma

Chief Executive

23 December 1999

DIRECTORS' REPORT

The directors have pleasure in presenting their report on the affairs of the group, together with the audited financial statements, for the year ended 30 June 1999.

REVIEW OF THE BUSINESS

A review of the business of the Company and its operations for the year is given in the Chief Executive's Review.

RESULTS AND DIVIDENDS

The group made a profit of £142,586 for the year ended 30 June 1999 (1998: loss of £856,320). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES

The Company is engaged in the acquisition, development and production of reserves of oil and natural gas in the United States of America. The Company continues to look at opportunities to expand worldwide its assets either through acquisitions, joint ventures or development of the Company's existing assets.

DIRECTORS AND THEIR INTERESTS

The names of the directors who served throughout the year, except where shown otherwise, are as follows:

H H Jelsma	*(appointed 30 December 1998)*
M A Alikhani	*(appointed 30 December 1998)*
G W Verspyck	
M A Winer	*(appointed 23 April 1999)*
H M Boyd	*(resigned 10 September 1999)*
M Finniston	*(appointed 30 December 1998, resigned 6 September 1999)*
J B LaPorte	*(resigned 3 November 1998)*
N Mardon Taylor	*(resigned 29 December 1998)*
P Kevans	*(resigned 23 October 1998)*
I Falconer	*(resigned 23 October 1998)*
S I Balyskyleysky	*(resigned 8 December 1998)*
A B Usmanov	*(resigned 8 December 1998)*

In accordance with the Articles of Association, G W Verspyck and M A Winer retire and, being eligible, offer themselves for re-election. Neither of the directors standing for re-election has a service contract with the Company.

The interests (as defined in the Companies Act 1985) of the directors holding office at 30 June 1999 in the share capital of Dominion Energy PLC are shown below.

	ordinary shares of 5p 30 June 1999	*ordinary shares of 5p 30 June 1998 or date of appointment if later*
H H Jelsma	520,000	-
M A Alikhani	551,578	31,578
G W Verspyck	400,000	200,000
M A Winer	250,000	-

Other than as set out above, none of the directors at 30 June 1999 held any interest in shares of the Company or its subsidiary undertaking during the year. All of the interests reported are beneficial. There have been no other changes in directors' interests since 30 June 1999.

Dominion Energy PLC is a United Kingdom based company whose operating activities are contained within its wholly owned US subsidiary, Dominion Oil USA Corporation. These activities presently comprise the development and production of oil and natural gas reserves in the USA.

HEAD OFFICE
2nd Floor
77 South Audley Street
London W1Y 5TA

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DIRECTORS

H H Jelsma	Managing Director
M A Alikhani	Executive Director
G W Verspyck	Non-Executive Director
M A Winer	Non-Executive Director

SECRETARY AND REGISTERED OFFICE
J P Gorman, FCA
77 South Audley Street
London W1Y 5TA

Registered No. 2401127

AUDITORS
Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

SOLICITORS
Hobson Audley
7 Pilgrim Street
London EC4V 6DR

STOCKBROKERS
Astaire & Partners Limited
40 Queen Street
London EC4R 1DD

REGISTRARS
IRG plc
Balfour House
390/398 High Road
Ilford
Essex IG1 1NQ

CHIEF EXECUTIVE'S REVIEW

Introduction:

The financial year ended 30 June 1999 has seen fundamental changes for Dominion Energy PLC. A new management team was appointed on 30 December 1998, with the task of improving existing operations, reducing debt, and seeking new acquisitions for the Company.

Historically, the Company operated by depleting existing producing petroleum assets without the necessary reservoir management and the required schedule of repairs and maintenance. The task for the new management is to reverse the downtrend, and stabilise and subsequently improve production, and the first part of this programme has now been successfully implemented.

Declining energy prices during the period under review, and a temporary shut down of gas production during May to July 1999 due to restrictions in the gathering system for sour gas, both had a negative impact on operating results for the second half of the financial year.

During the financial year, a total of 4,368,072 ordinary shares were placed for cash at 5p per share, partly with Directors, to raise approximately £218,000 which has been utilised for general working capital.

Since the end of the financial year, the outstanding loan from BankOne has been settled, and their lien on the US operating assets has been released, freeing Dominion to consider further fund raising and growth through acquisitions and joint operating programmes.

Financial Results:

The audited profit after tax for the year ended 30 June 1999 amounted to £142,586 compared to a loss of £856,320 (including a write down of assets of £685,670) for the year ended 30 June 1998. The 1999 results include a write back of £198,003 of the 1998 write down of assets, as permitted by FRS11, and an exceptional gain of £178,141 on the settlement of an outstanding debt obligation.

As referred to above, the results for the year were affected by persistent low oil and gas prices, specifically during the period from October 1998 to June 1999 when the average oil price remained below US$12.50/bbl, and average gas prices did not exceed US$1.75/mcf. The results were also affected by the temporary shut-in of the sour gas producing properties, which accounted for 65% of gas revenue, and which were finally returned to production in August 1999.

Results from operations have improved since 30 June 1999, following increases in oil and gas prices and improved production resulting from the optimisation programme carried out on the Kansas properties.

Settlement of outstanding debt:

As reported in the 1998 Report and Accounts, agreement was reached with T J Messman and J B LaPorte for the settlement of debts amounting to £805,000. J B LaPorte waived his debt of £192,500 in December 1998 and, following approval by shareholders at an Extraordinary General Meeting on 29 January 1999, the debt of £612,500 due to T J Messman was settled by the issue of 2,300,000 ordinary shares.

BankOne loan:

The outstanding loan from BankOne at 1 December 1998 amounted to approximately US$250,000. BankOne held a lien over the producing properties under a Kansas court order, with all revenues from the oil leases being paid directly to them. Due to a decline in production and low energy prices, loan repayments did not meet BankOne's minimum requirements and in March 1999 they proceeded to call in the loan. As referred to in the 1998 Report and Accounts, the Board had already commenced discussions with a number of potential lenders to refinance BankOne's debt, and requested a stay for three months. However,

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 group and of the profit and loss account of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and 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 accounts; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NON-EXECUTIVE DIRECTORS

GIJSBRECHT WILLEM VERSPYCK MSC (GEOLOGY) (Senior Non-Executive Director)

Gijs Verspyck, aged 63, is a geologist who joined Shell International in 1960. In 1969 he became Chief Geologist for Petroleum Development, Oman, before rejoining Shell International in 1973. In 1977 he became Exploration Director of Shell UK and in 1984 the General Manager of the Shell companies in Indonesia. He was Director of Exploration and Production for Premier Consolidated Oilfields plc between December 1988 and 1990.

MARC WINER

Marc Winer, aged 53, is a Russian speaking US citizen who has extensive experience of doing business in Russia and has been presented with the award of "Businessman of the Year" by the American Chamber of Commerce in Russia. He is also a director of Uralmash-Zarody, a large Russian industrial conglomerate. He was formerly vice president of McDonald's Restaurants of Canada Limited, during which time he was Chairman of McDonald's Russia, general director of McDonald's Moscow - McDonald's Joint Stock Company and general director of McDonald's zao. Prior to this time he was a regional manager of The Coca-Cola Company in the USSR and Bulgaria.

SUBSTANTIAL SHAREHOLDINGS

On 21 December 1999 the company was aware of the following interests in 3 per cent. or more of the company's ordinary share capital:

Shareholder	*No. of ordinary shares*	*% holding*
I-Fin Services (IOM) Limited	12,000,000	22.3
Anaconda Limited	5,500,000	10.2
Glover Finance Limited	5,500,000	10.2
Swan Alley Nominees Ltd	4,939,249	9.2
Bulton International Inc.	2,000,000	3.7

TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

Details of transactions with related parties are set out in note 18 to the accounts.

ANNUAL GENERAL MEETING

A number of resolutions will be proposed at the forthcoming Annual General Meeting and the following explanatory notes relate to the two resolutions which will constitute special business.

The directors currently have a general authority to allot unissued shares in the company, which expires on the conclusion of the Annual General Meeting. The first resolution under special business is proposed as an Ordinary Resolution to provide the directors with authority to issue ordinary shares up to an aggregate nominal amount of £312,559.25 such authority to expire on 15 May 2001 or the date of the Annual General Meeting to be held in 2001. The directors have no present intention of exercising this authority. This authority represents 11.6% of the present issued ordinary share capital.

The second resolution under special business is proposed as a Special Resolution to renew the directors' authority to allot relevant securities up to a value of £134,372.00 representing 5 per cent of the present nominal value of the Company's issued ordinary share capital without the need to comply with statutory pre-emption rights. This will provide the directors with the authority to issue ordinary shares of 5p for cash when the Board considers it to be in the best interests of shareholders, such authority to expire on 15 May 2001 or the date of the Annual General Meeting to be held in 2001.

ENVIRONMENTAL MATTERS

The group undertakes a review of environmental matters prior to deciding to proceed with an investment in a new operation. Once the investment is made the environmental implications are monitored on a regular basis and where necessary improvements are proposed.

CREDITOR PAYMENT POLICY

The company's policy is normally to pay trade creditors according to agreed terms of business. These terms are usually agreed with the trade creditors before they provide any goods or services. The company's policy is to adhere to the payment terms providing the relevant goods or services have been supplied in accordance with the agreements. At 30 June 1999 the company had an average of 12 days (1998: 85 days) purchases outstanding in trade creditors.

YEAR 2000

The small size of the group's operations means that the internal risks relating to the Year 2000 problem are low. The computer software and hardware used, which is very limited in financial reporting and certain administrative functions, has been checked to avoid Millennium related problems. The Company's suppliers' compliance has been monitored with a view to ensure they are compliant during 1999. No incremental costs have been incurred as a result of the group's Year 2000 preparations.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and, in accordance with section 384 of the Companies Act 1985, a resolution proposing their reappointment as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on behalf of the board.

J P Gorman, FCA
Secretary
77 South Audley Street
London W1Y 5TA

23 December 1999

CORPORATE GOVERNANCE

The directors of Dominion Energy PLC ("Dominion") support the Principles of Good Governance contained in Section 1 of the Combined Code issued by the London Stock Exchange.

The directors consider that they have fully complied with the requirements of the Code throughout the year ended 30 June 1999 except that: The Remuneration Committee was not comprised exclusively of non-executive directors in the period 1 January 1999 to 10 September 1999, when H Boyd became an executive director (provision B.2.2); at the 1999 Annual General Meeting, the Company did not disclose the proxy votes cast on the resolutions being proposed (provision C.2.1). This provision will be complied with at the 2000 Annual General Meeting; and the board has not carried out a further formal annual review of internal financial controls as required by provision D.2.1. The board has restricted its reporting on internal controls to internal financial controls, but intends to report fully in the next Annual Report in accordance with the requirements of the Listing Rules.

Details of Resolutions to be proposed at the Annual General Meeting on 15 February 2000 are set out in the Notice of Meeting on pages 25 and 26.

THE WORKINGS OF THE BOARD AND ITS COMMITTEES

The Board of Directors

The board is responsible to shareholders for the proper management of the group. The board currently comprises two executive and two non-executive directors and, under the current composition, is deemed to be independent of the substantial shareholders in the company.

The board meets on average every two months and is responsible, inter alia, for setting and monitoring group strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to shareholders.

The board has appointed the following committees to deal with specific aspects of the group's affairs.

The Audit Committee

The Audit Committee comprised the following directors during the year:

H M Boyd	(resigned 10 September 1999)
G W Verspyck	
M A Winer	(appointed 23 April 1999)
S Balyskyleysky	(resigned 8 December 1998)
P Kevans	(resigned 23 October 1998)

H M Boyd was an executive director in the period 1 January 1999 to 10 September 1999.

The committee provides a forum for reporting by the group's external auditors. Meetings are held not less than twice annually and are also attended, by invitation, by the executive directors. The present Committee Chairman is M A Winer.

The Audit Committee is responsible for reviewing a wide range of financial matters including the annual and half year results, financial statements and accompanying reports before their submission to the board and monitoring the controls which are in force to ensure the integrity of the financial information reported to the shareholders. The Audit Committee also advises the board on the appointment of external auditors, and on their remuneration both for audit and non-audit work.

The Remuneration Committee

The Remuneration Committee, which is currently chaired by G W Verspyck, comprised the following non-executive directors during the year:

H M Boyd (resigned 10 September 1999)
G W Verspyck
M A Winer (appointed 23 April 1999)
S I Balyskyleysky (resigned 8 December 1998)
P Kevans (resigned 23 October 1998)

H M Boyd was an executive director in the period 1 January 1999 to 10 September 1999.

The Committee is responsible for recommending to the board the terms and conditions of employment of the executive directors.

The Nomination Committee
The Nomination Committee, which currently comprises G W Verspyck and M A Winer, is responsible for proposing to the board any new appointments of executive or non-executive directors.

INTERNAL FINANCIAL CONTROL
The board is responsible for establishing and maintaining the group's system of internal financial control. Internal financial control systems are designed to meet the particular needs of the group concerned and the risk to which it is exposed, and by their nature can provide reasonable assurance but not absolute assurance against material misstatement or loss.

The directors are conscious of the need to keep effective internal financial control, particularly in view of the cash constraints that the group has faced over the year under review. Due to the relatively small size of the group's operations, the directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The directors have reviewed the effectiveness of the procedures presently in place and consider that they are still appropriate to the nature and scale of the operations of the group.

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee (the "Committee") was chaired by H M Boyd and comprised, during the year ended 30 June 1999, G W Verspyck, M A Winer, N J Mardon Taylor, P J Kevans and S I Balyskyleysky. The Committee currently comprises G W Verspyck and M A Winer. Remuneration packages are determined with reference to market remuneration levels, individual performance and the financial position of the company.

Executive directors are granted a basic salary and benefits, which are reviewed at regular intervals.

On 27 March 1997, the remuneration of all the executive and non-executive directors was reviewed by the Committee and it was agreed that all the executive and non-executive directors would receive an annual fee of £2,000 per annum, including all other benefits, except expenses incurred on the company's behalf. The alternate directors receive no fees from the company in respect of their services.

The remuneration is made up as follows:

	1999	*1998*
	£	£
Fees	**7,753**	12,000
Other emoluments		
Basic salaries	**4,313**	4,000
Total	**12,066**	16,000

Directors

The remuneration of the directors, which has been accrued in the year ended 30 June 1999 but not paid, is as follows:

Director	**Fees**	**Salary**	**Total 1999**	Total 1998
	£	**£**	**£**	£
H H Jelsma	-	**1,000**	**1,000**	-
M A Alikhani	-	**1,000**	**1,000**	-
G W Verspyck	**2,000**	-	**2,000**	2,000
M A Winer	**374**	-	**374**	-
H M Boyd	**2,000**	-	**2,000**	2,000
M Finniston	-	**1,000**	**1,000**	-
I Falconer	-	**626**	**626**	2,000
P J Kevans	**626**	-	**626**	2,000
N J Mardon Taylor	**995**	-	**995**	2,000
J.B LaPorte	-	**687**	**687**	2,000
A B Usmanov	**879**	-	**879**	2,000
S I Balyskyleysky	**879**	-	**879**	2,000
Total	**7,753**	**4,313**	**12,066**	16,000

On behalf of the Remuneration Committee.

G W Versypck
Committee Chairman

23 December 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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- select suitable accounting policies and 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 accounts; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Dominion Energy PLC

We have audited the accounts on pages 14 to 24, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 18 and 19.

As described on page 12 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the Annual Report including, as described above, the accounts. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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 the information specified by the law of the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed. We read the other information contained in the Annual Report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. We review whether the statement made on page 9 reflects the company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of either the company's corporate governance procedures or its internal controls.

Basis of 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 relating 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.

Fundamental Uncertainty
In forming our opinion we have considered the adequacy of the disclosures made in the accounts concerning the preparation of the accounts on a going concern basis, the validity of which depends on the company's ability to finance the group's operations. The accounts do not include any adjustments that would result from a failure of the financing. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

Opinion
In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 30 June 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Registered Auditor
Becket House
1 Lambeth Palace Road
London SE1 7EU

23 December 1999

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30 June 1999

	Notes	*1999* £	*1998* £
TURNOVER	2	**154,848**	242,919
Depreciation and amortisation - ordinary	3	**(59,787)**	(132,027)
- exceptional	3	**198,003**	(685,670)
Other costs of sales		**(118,942)**	(168,721)
GROSS PROFIT/(LOSS)		**174,122**	(743,499)
Administrative expenses	3	**(191,319)**	(94,604)
OPERATING LOSS	3	**(17,197)**	(838,103)
Exceptional gain arising from the cancellation of debt	11	**178,141**	-
Profit/(loss) before interest and tax		**160,944**	(838,103)
Interest receivable and similar income		**2,695**	6,792
Interest payable and similar charges	4	**(21,053)**	(25,009)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**142,586**	(856,320)
Tax on profit/(loss) on ordinary activities	5	**-**	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION	13	**142,586**	(856,320)
Earning/(loss) per ordinary share	6	**0.3p**	(1.8)p

All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 30 June 1999

	1999 £	*1998* £
Profit/(loss) for the financial year	**142,586**	(856,320)
Exchange differences on translation into sterling of net assets of subsidiary undertaking	**39,938**	(4,380)
Total gains and losses recognised in the financial year	**182,524**	(860,700)

REPORT OF THE AUDITORS

to the members of Dominion Energy PLC

We have audited the accounts on pages 14 to 24, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 18 and 19.

As described on page 12 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described above, the accounts. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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 the information specified by the law of the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed. We read the other information contained in the Annual Report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. We review whether the statement made on page 9 reflects the company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of either the company's corporate governance procedures or its internal controls.

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London SE1 7EU

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CONSOLIDATED BALANCE SHEET
as at 30 June 1999

	Notes	*1999* £	*1998* £
FIXED ASSETS			
Tangible fixed assets	8	**825,132**	642,514
CURRENT ASSETS			
Debtors	10	**7,279**	51,462
Cash		**130,083**	152,058
		137,362	203,520
CREDITORS: amounts falling due within one year	11	**(207,779)**	(1,104,747)
NET CURRENT LIABILITIES		**(70,417)**	(901,227)
TOTAL ASSETS LESS CURRENT LIABILITIES		**754,715**	(258,713)
CAPITAL AND RESERVES			
Called up share capital	12	**2,883,240**	2,549,836
Share premium account	13	**1,401,885**	904,385
Merger reserve	13	**1,824,000**	1,824,000
Exchange reserve	13	**(256,194)**	(296,132)
Profit and loss account	13	**(5,098,216)**	(5,240,802)
SHAREHOLDERS' FUNDS/(LIABILITIES)		**754,715**	(258,713)
Non-equity shareholders' funds		**195,799**	195,799
Equity shareholders' funds/(liabilities)		**558,916**	(454,512)
		754,715	(258,713)

These financial statements were approved by the Board of Directors on 23 December 1999

Signed on behalf of the Board of Directors: H H Jelsma

COMPANY BALANCE SHEET
as at 30 June 1999

	Notes	*1999* £	*1998* £
FIXED ASSETS			
Investments	9	**553,881**	469,152
CURRENT ASSETS			
Debtors	10	**2,933**	19,796
Cash		**125,641**	135,338
		128,574	155,134
CREDITORS: amounts falling due within one year	11	**(59,346)**	(882,999)
NET CURRENT ASSETS/(LIABILITIES)		**69,228**	(727,865)
TOTAL ASSETS LESS CURRENT LIABILITIES		**623,109**	(258,713)
CAPITAL AND RESERVES			
Called up share capital	12	**2,883,240**	2,549,836
Share premium account	13	**1,401,885**	904,385
Merger reserve	13	**1,824,000**	1,824,000
Profit and loss account	13	**(5,486,016)**	(5,536,934)
SHAREHOLDERS' FUNDS/(LIABILITIES)		**623,109**	(258,713)
Non-equity shareholders' funds		**195,799**	195,799
Equity shareholders' funds/(liabilities)		**427,310**	(454,512)
		623,109	(258,713)

These financial statements were approved by the Board of Directors on 23 December 1999:

Signed on behalf of the Board of Directors: H H Jelsma

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 1999

	Notes	*1999* £	*1998* £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	15	**(124,349)**	(108,307)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		**4,404**	5,083
Interest paid		**(21,053)**	(23,601)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**(16,649)**	(18,518)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		**(3,174)**	-
CASH OUTFLOW BEFORE FINANCING		**(144,172)**	(126,825)
FINANCING			
Issue of ordinary shares		**217,701**	-
Repayment of loans		**(51,554)**	-
New loans		-	233,266
NET CASH INFLOW FROM FINANCING		**166,147**	233,266
(DECREASE)/INCREASE IN CASH	16	**(21,975)**	106,441

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (note 16)

	£	£
(DECREASE)/INCREASE IN CASH	**(21,975)**	106,441
Cash outflow/(inflow) from decrease/increase in debt financing	**51,554**	(233,266)
Changes in net debt resulting from cash flows	**29,579**	(126,825)
Debt capitalised during the year	**612,500**	-
Debt cancelled during the year	**192,500**	-
Translation difference	**16,601**	(21,328)
Movement in net debt during the year	**851,180**	(148,153)
Net debt at 1 July 1998	**(865,495)**	(717,342)
NET DEBT AT 30 JUNE 1999	**(14,315)**	(865,495)

NOTES TO THE ACCOUNTS
year ended 30 June 1999

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Fundamental accounting concept

Due to low world oil prices during the year, the group was unable to meet its fixed monthly payments to BankOne, due under the terms of a court order, nor meet the repayment in full that was due on 23 March 1999. At the year end the loan amounted to £144,398 (see note 11). As a result, to prevent the group's oil leases being put up for auction by BankOne, on 1 October 1999 the secured bank loan was settled by a loan of £115,755 to the Company from the new Chief Executive Henk Jelsma. The new loan is unsecured, repayable on demand and bears interest at 18% per annum, compounded quarterly, and repayments of capital and interest are at the rate of US$10,000 per month.

The directors are currently pursuing options to raise at least US$200,000 to develop the Kansas and Missouri properties to increase production to a level that will generate sufficient funds to cover the group's operating costs for the 12 months from the date of these accounts, including repayment obligations under the loan provided by the chief executive H Jelsma.

If the directors are unsuccessful in obtaining the additional finance required, then the group is unlikely to be able to continue as a going concern over the 12 months from the date of these accounts.

Notwithstanding the uncertainties set out above, it is the directors' opinion that the group and the Company will be able to raise the additional finance necessary to continue as a going concern and the accounts of the group and the company have therefore been prepared on a going concern basis. Should the basis cease to be appropriate, adjustments may have to be made to reduce the value of the assets and to provide for any further liabilities which might arise, and to reclassify fixed assets as current assets.

Basis of consolidation

The group accounts consolidate the accounts of Dominion Energy PLC and its subsidiary undertaking, Dominion Oil USA Corporation, drawn up to 30 June each year. No profit and loss account is presented for Dominion Energy PLC as permitted by section 230 of the Companies Act 1985.

Foreign exchange

Transactions of UK companies denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of transaction. Any foreign exchange differences are taken to the profit and loss account. Balances at the year end denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Assets and liabilities of foreign currency subsidiary undertakings are translated into sterling at closing rates of exchange; profit and loss accounts are translated at average rates of exchange. Exchange differences resulting from the translation at closing rates of net investments in foreign currency subsidiary undertakings, together with the differences between profit and loss accounts translated at average rates and at closing rates, are taken to reserves and separately identified as Exchange reserve.

Fixed assets

Costs of acquiring undeveloped acreage and of successful exploration and appraisal activity are capitalised. Unsuccessful exploration and appraisal activity and geology and geophysical costs are expensed.

Costs of acquiring developed acreage, drilling and equipping productive wells, including development dry holes, related production facilities and related pre-production interest are capitalised. All capitalised exploration and development costs are classified as tangible assets.

Depreciation and amortisation

The acquisition costs of acreage for which there are no development plans are amortised over the lives of the related leases or such shorter periods as necessary to fully depreciate the acreage. Depreciation and amortisation of successful exploration and appraisal acreage, wells and oil and gas production equipment is determined under the unit of production method based on the estimated proven recoverable oil and gas reserves by field. Under the unit of production method, the effects of any changes in estimates are dealt with prospectively. Additional depreciation charges are provided for field assets where the directors consider that there has been an indicator of impairment and the test, carried out in accordance with FRS11, results in an impairment of the asset. Depreciation of other minor fixed assets is determined under the straight line method using various rates of up to 20 per cent., designed to write assets off over their estimated useful lives.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

2. TURNOVER AND SEGMENTAL INFORMATION

Turnover represents the amount of goods sold and services provided during the year stated net of any value added tax or any royalty interests to external customers. All of the group's turnover is derived from its principal activity, the production and sale of oil and natural gas in the United States of America.

	Profit/(loss) analysis		*Asset/(liability) analysis*	
	1999	*1998*	*1999*	*1998*
	£	£	**£**	£
US activities	**105,055**	(700,477)	**825,443**	533,323
UK Head office	**55,889**	(137,626)	**(56,413)**	73,459
Profit/(loss) on ordinary activities before interest and tax	**160,944**	(838,103)		
US net interest expense	**(20,799)**	(25,009)		
UK net interest income	**2,441**	6,792		
Profit/(loss) on ordinary activities before taxation	**142,586**	(856,320)		
Total operating assets			**769,030**	606,782
Cash			**130,083**	152,058
Loans			**(144,398)**	(1,017,553)
Total net assets/(liabilities)			**754,715**	(258,713)

3. OPERATING LOSS

		1999	*1998*
		£	£
Operating loss is stated after charging:			
In cost of sales:			
Depreciation and amortisation	- ordinary	**59,787**	132,027
Depreciation and amortisation	- exceptional	**(198,003)**	685,670
In administrative expenses:			
Depreciation		**730**	270
Auditors' remuneration	- audit services	**18,500**	15,500
	- non audit services	**-**	2,500

The exceptional credit represents a reversal of part of the impairment provision of £685,670 recognised in 1998 and has arisen due to the completion of certain remedial work on the group's oil and gas assets.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1999	1998
	£	£
On bank loans and overdrafts	**20,227**	23,601
Bank charges	**826**	1,408
	21,053	25,009

5. TAXATION

No liability to Corporation Tax or US Federal Tax arises based on the results for either year. The group is carrying forward significant tax losses in both the UK and the US, available for relief against future taxable profits.

6. EARNINGS/(LOSS) PER ORDINARY SHARE

The earning per share of 0.3p (1998: loss 1.8p) is calculated using a weighted average of 49,491,261 ordinary shares (1998: 47,080,743) and the profit after tax for the year ended 30 June 1999 of £142,586 (1998: loss of £856,320).

7. DIRECTORS AND STAFF

The company had no employees other than the salaried directors during 1999 and 1998.

	1999	1998
	£	£
Directors' emoluments, accrued but not paid	**12,066**	16,000

Details of directors' emoluments in aggregate and for each director are included on page 11.

8. TANGIBLE ASSETS

Group

	Producing fields	*Office equipment and furnishings*	*Total*
	£	£	£
Cost:			
At 1 July 1998	**4,910,929**	**1,884**	**4,912,813**
Additions	**3,174**	**-**	**3,174**
Foreign exchange	**291,207**	**-**	**291,207**
At 30 June 1999	**5,205,310**	**1,884**	**5,207,194**
Depreciation and amortisation:			
At 1 July 1998	**4,269,145**	**1,154**	**4,270,299**
(Credit)/charge for the year	**(138,216)**	**730**	**(137,486)**
Foreign exchange	**249,249**	**-**	**249,249**
At 30 June 1999	**4,380,178**	**1,884**	**4,382,062**
Net book value:			
At 30 June 1999	**825,132**	**-**	**825,132**
At 30 June 1998	**641,784**	**730**	**642,514**

9. INVESTMENTS

	Shares	Loans	Total
Cost:	£	£	£
At 1 July 1998	458,102	898,544	1,356,646
Increase in loan during the year	-	84,729	84,729
At 30 June 1999	**458,102**	**983,273**	**1,441,375**
Provision:			
At 1 July 1998 and 30 June 1999	**458,102**	**429,392**	**887,494**
Carrying amount:			
At 1 July 1998	-	469,152	469,152
At 30 June 1999	**-**	**553,881**	**553,881**

Subsidiary undertaking

At 30 June 1999 the Company had only one subsidiary undertaking, Dominion Oil USA Corporation. The Company owns 100% of the ordinary share capital of Dominion Oil USA Corporation which is a US company, incorporated in Texas, whose principal activity is the acquisition, development and production of oil and gas in the United States of America.

10. DEBTORS

	Group		Company	
	1999	*1998*	***1999***	*1998*
	£	£	**£**	£
Prepayments and accrued income	**4,346**	15,614	**-**	2,209
Amounts owed by subsidiary undertaking	**-**	-	**-**	13,519
Other debtors	**2,231**	7,788	**2,231**	4,068
Loan to director [(1)]	**-**	28,060	**-**	-
Amount unpaid on share subscription [(2)]	**702**	-	**702**	-
	7,279	51,462	**2,933**	19,796

Notes

(1) The loan to a director was settled as part of the debt cancellation (see note 11)

(2) The amount unpaid on a share subscription has since been paid (see note 18)

11. CREDITORS: amounts falling due within one year

	Group		Company	
	1999	*1998*	***1999***	*1998*
	£	£	**£**	£
Trade creditors	**25,372**	49,713	**5,247**	30,487
Amounts owed to subsidiary undertaking	**-**	-	**16,090**	16,090
Amounts owed to affiliated companies	**-**	3,555	**-**	3,555
Accruals - directors' emoluments	**15,566**	3,500	**15,566**	3,500
- other	**22,443**	30,426	**22,443**	24,367
Total for operating activity	**63,381**	87,194	**59,346**	77,999
Secured bank loan	**144,398**	212,553	**-**	-
Unsecured loan from a director	**-**	192,500	**-**	192,500
Unsecured loan	**-**	612,500	**-**	612,500
	207,779	1,104,747	**59,346**	882,999

The secured bank loan was with BankOne, Texas and was settled in full on 1 October 1999 (see note 18). It was secured on all of the subsidiary's current and future oil and gas properties, which comprised the Bauman and Pawnee leases and field assets. The facility was guaranteed by Dominion Energy PLC and bore interest at 2% above BankOne's base rate.

As at 1 July 1998 the Company was indebted to two former directors of the Company Messrs Messman and LaPorte in the sums of £612,500 and £192,500 respectively. In addition Messrs Messman and LaPorte owed the Company US$6,206 and US$46,819 respectively. On 30 December 1998 the Company wrote to Shareholders setting out details of an agreement reached with Messrs Messman and LaPorte regarding these loans. Mr Messman agreed to waive his right to the repayment of the debt and in consideration ordinary shares with a nominal value of £115,000 were issued to him. Mr LaPorte agreed to waive the net amount due to him, which gave rise to the exceptional gain of £178,141 reflected in the consolidated profit and loss account.

12. SHARE CAPITAL

	1999 *No.*	*1999* *£*	*1998* *No.*	*1998* *£*
Authorised:				
Equity ordinary shares of 5p each	**60,000,000**	**3,000,000**	60,000,000	3,000,000
Non-equity deferred shares of 1p each	**19,579,925**	**195,799**	19,579,925	195,799
	79,579,925	**3,195,799**	79,579,925	3,195,799
Issued and fully paid:				
Equity ordinary shares of 5p each	**53,748,815**	**2,687,441**	47,080,743	2,354,037
Non-equity deferred shares of 1p each	**19,579,925**	**195,799**	19,579,925	195,799
	73,328,740	**2,883,240**	66,660,668	2,549,836

The deferred 1p shares confer no rights to vote at a general meeting of the company or to a dividend. On a winding-up the holders of the deferred shares are only entitled to the paid-up value of the shares after the repayment of the capital paid on the ordinary shares and £5,000,000 on each ordinary share.

Analysis of changes in share capital during the year

	1999 *£*	*1998* *£*
At 1 July	**2,549,836**	2,549,836
Shares issued for non-cash consideration (note 11)	**115,000**	-
Shares issued for cash consideration	**218,404**	-
At 30 June	**2,883,240**	2,549,836

The following issues of new ordinary shares of 5p were made for cash at par during the year to provide additional working capital.

			Share capital ***£***
29 January 1999	-2,354,036	ordinary shares	**117,702**
19 May 1999	-1,230,000	ordinary shares	**61,500**
30 June 1999	- 784,036	ordinary shares	**39,202**
			218,404

13. RESERVES

Group

	Share premium £	Merger reserve £	Exchange reserve £	Profit and loss £
At 1 July 1998	904,385	1,824,000	(296,132)	(5,240,802)
Exchange differences on re-translation of net assets and results of subsidiary undertaking	-	-	39,938	-
Profit for the year	-	-	-	142,586
Share premium arising from conversion of a loan from a former director	497,500	-	-	-
At 30 June 1999	1,401,885	1,824,000	(256,194)	(5,098,216)

Company

	Share premium £	Merger reserve £	Profit and loss £
At 1 July 1998	904,385	1,824,000	(5,536,934)
Profit for the year	-	-	50,918
Share premium arising from conversion of a loan from a former director	497,500	-	-
At 30 June 1999	1,401,885	1,824,000	(5,486,016)

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/(LIABILITIES)

	1999 £	*1998* £
Total recognised gains and losses	182,524	(860,700)
Issue of shares for cash	218,404	-
Conversion of loan to shares	612,500	-
	1,013,428	(860,700)
At 1 July 1998	(258,713)	601,987
At 30 June 1999	754,715	(258,713)

15. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	1999 £	*1998* £
Operating loss	(17,197)	(838,103)
Depreciation and amortisation	(137,486)	817,967
Decrease in debtors	54,147	5,782
Decrease in creditors	(23,813)	(93,953)
Net cash outflow from operating activities	(124,349)	(108,307)

16. ANALYSIS OF CHANGE IN NET DEBT

	1 July 1998	Cash flow	Non cash settlement	Exchange movements	**30 June 1999**
	£	£	£	£	**£**
Cash at bank	152,058	(21,975)	-	-	**130,083**
Bank loans due within one year	(212,553)	51,554	-	16,601	**(144,398)**
Other loans due within one year	(805,000)	-	805,000	-	**-**
Net debt	(865,495)	29,579	805,000	16,601	**(14,315)**

17. FINANCIAL INSTRUMENTS

The group currently makes limited use of financial instruments and has taken advantage of the exemption available under FRS13 as regards disclosures for short term debtors and creditors. As and when the group expands its operations, the directors will ensure that appropriate policies are adopted in respect of financial instruments.

Interest rate risk

The only form of finance available to the group at the year end was the secured bank loan of £144,398 which attracted interest at a floating rate based on BankOne's base rate. The group's only significant financial asset at 30 June 1999 was cash, all of which attracts interest at floating rates.

Currency risk

The group has limited its exposure to currency risk through financing the group's activities in the same currency as its operations in the US. It therefore has no significant currency exposures on its monetary assets and liabilities.

18. RELATED PARTY TRANSACTIONS

Oil Management Services Limited ("OMS"), a company controlled by H M Boyd, was due as at 30 June 1999 £1,554 (1998: £1,237) inclusive of value added tax in respect of H M Boyd's director's fees, related expenses and office and administrative services provided to the company during the year. During the year ended 30 June 1999, OMS received £15,644 in respect of such services provided over the last year.

On 1 October, 1999, H Jelsma, Dominion's Chief Executive, loaned the Company US$182,325 for the sole purpose of repaying the Bank One loan. The terms of the loan are that it is unsecured, repayable on demand and bears interest at 18 per cent. per annum compounded quarterly. The Company is required not to pledge or encumber its assets without the consent of Mr Jelsma. Repayments of capital and interest are at the rate of US$10,000 per month.

Boortechniek NV, a company controlled by Henk Jelsma, provides accounting services to Dominion Oil USA Corporation. As at 30 June 1999 no amounts were due to Boortechniek NV and during the year ended 30 June 1999 US$1,500 was paid in respect of such services.

Swan Overseas Plc ("Swan"), a company of which M A Alikhani is a director was due, at 30 June 1999, £457 (1998: nil) inclusive of value added tax in respect of travel, office and administrative expenses incurred on behalf of the Company during the year. During the year ended 30 June 1999, Swan received £2,826 (1998: nil) in respect of such expenses incurred during the year.

On 29 January 1999 S Alikhani, a relative of M A Alikhani, subscribed for 214,036 ordinary shares of 5p in the Company of which £702 was outstanding at 30 June 1999. This amount has since been paid.

DOMINION ENERGY PLC

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the company will be held at 10.00 a.m. on 15 February 2000 at the offices of Dominion Energy PLC ("the Company") 2nd floor, 77 South Audley Street, London W1Y 5TA for the purpose of considering and if thought fit, passing the following resolutions, of which Resolutions Numbered 1 to 5 will be proposed as Ordinary Resolutions and Resolution Numbered 6 will be proposed as a Special Resolution:

Ordinary business

1. To receive the report of the Directors and Auditors and to adopt the Accounts for the year ended 30 June 1999.

2. To re-appoint Ernst & Young as Auditors of the company and to authorise the directors to agree their remuneration.

3. To re-elect G W Verspyck as a director of the company (Member of the Audit, Remuneration and Nomination Committees).

4. To elect M A Winer as a director of the company (Member of the Audit, Remuneration and Nomination Committees).

Special business

5. That, in substitution for all existing authorities the Directors be generally and unconditionally authorised pursuant to Section 80 of the Companies Act ("the Act") to exercise all or any of the powers of the company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £312,559.25 for a period expiring (unless previously renewed, varied or revoked by the company in general meeting) fifteen months after the date of passing this resolution or at the conclusion of the Annual General Meeting of the company to be held in 2001 which ever first occurs, but the company may make an offer or agreement which would or might require securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

6. That the directors be and they are hereby empowered (in substitution for and to the exclusion of any other existing powers save to the extent that the same have been previously exercised) pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of the Act) of the company for cash pursuant to the authority conferred on them in accordance with Section 80 of the Act by this meeting of the members of the company to allot relevant securities (as defined in Section 80(2) of the Act) as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:

    (a) to allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the company in proportion (as nearly as maybe) to their existing holdings of ordinary shares but subject to the directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient:

        (i) to deal with equity securities representing fractional entitlements; or

        (ii) to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities which are, or are to be, wholly paid up in cash up to an aggregate nominal amount of £134,372.00.

This power shall (unless previously revoked or varied by the company in general meeting) expire fifteen months after the date of the passing of this Resolution or at the conclusion of the Annual General Meeting of the company to be held in 2001 whichever first occurs save that the company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

Registered office
77 South Audley Street
London W1Y 5TA

By order of the Board
J P Gorman, FCA
Secretary

23 December 1999

Note

A member of the company who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy need not be a member of the company. A Form of Proxy accompanies this document for your use. To be valid Forms of Proxy together with the power of Attorney or authority (if any) under which it is signed, or notarially certified copy of such power of attorney, must be deposited at the offices of the Registrars, IRG plc, Balfour House, 390/398 High Road Ilford Essex IG1 1NQ not later than forty-eight hours before the time of the meeting. Deposit of a Form of Proxy will not prevent a member from attending and voting in person should he/she so wish to.