

Gasol Plc

Chairman's Statement for the six months ended 30 September 2011

22 December 2011

Gasol plc

("Gasol" or "the Company")

Interim results for the six months ended 30 September 2011

Gasol plc (AIM: GAS) the Africa focused gas independent is pleased to announce its interim results for the six months ended 30 September 2011.

Group Results

During the first half of the current financial year Gasol has continued with the development of its new strategy, whilst maintaining tight control over costs and expenditure. The financial results for the period reflect the continued financial discipline and cost control conducted by management, with an 11% reduction in loss after tax of £1,041,086, (2010: £1,174,080). This equates to a loss per share of -0.09p (2010: -0.11p).

Business Update

Gasol has continued with the development of the gas monetisation strategy it announced last year, particularly its project in South East Nigeria. Although the exclusivity period in the Project Option Agreement with Moni Pulo (Petroleum Development) Limited, announced on 19 May 2011, has expired, the parties remain engaged with the aim of concluding a gas purchase agreement for the gas in the Nigerian offshore licence area OML 114.

Funding and Balance Sheet

Cash outflow from operating activities over the period was £713,772 (2010: £965,873). In April 2011, the Company entered into a £1 million unsecured convertible loan facility with its major shareholder, African Gas Development Corporation Ltd. ("AGDC"). Subsequent to the period end, AGDC has recently made available a further £1 million convertible loan facility, whilst also choosing to convert its loan of approximately £2.4 million of a previous £3 million convertible facility into Gasol shares. The Board welcomes the continued support and confidence of our major shareholder.

The consolidated statement of financial position shows an equity deficit of £758,606 as at 30 September 2011. The deficit has arisen primarily because the Company has been funding its development work through convertible loan facilities. The conversion by AGDC of approximately £2.4 million of convertible loans, following the period end, has reduced liabilities and increased equity, thereby eliminating the deficit and returning the balance sheet to a positive equity position.

Funding will remain one of the most important issues for Gasol going forward as it seeks to develop its gas monetisation strategy, both to progress its projects to a final investment decision stage and beyond. The long-term success of Gasol will depend on its ability to succeed in raising funding for its projects.

Outlook

The Board looks forward to 2012 with enthusiasm, believing that the West Africa gas monetisation strategy is focussed and will provide good opportunities. The Company will continue to work on nurturing and developing the business, including partnerships that will help to deliver its goal of successful projects.

Haresh Kanabar

Chairman

22 December 2011

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Unaudited Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 September 2011

		Unaudited six months ended 30 September 2011	Unaudited six months ended 30 September 2010	Audited year ended 31 March 2011
	Note	£	£	£
Other operating income		34,000	34,000	68,000
Administrative expenses		(906,566)	(1,020,834)	(1,798,055)
Intangible asset impairment		-	-	(285,488)
Loss from operations		(872,566)	(986,834)	(2,015,543)
Finance income		1,879	29	35
Finance costs		(170,399)	(188,890)	(363,986)
Loss before taxation		(1,041,086)	(1,175,695)	(2,379,494)
Income tax expense		-	-	-
Loss for the period		(1,041,086)	(1,175,695)	(2,379,494)
Other comprehensive income:				
Currency translation differences		-	1,615	(890)
Total comprehensive expense for the period		(1,041,086)	(1,174,080)	(2,380,384)
Loss per ordinary share				
Basic and diluted loss per share	3	(0.09p)	(0.11p)	(0.22p)

All results relate to continuing activities.

All of the loss and total comprehensive expense is attributable to equity shareholders of the parent.

Gasol Plc

Unaudited Condensed Consolidated Statement of Changes in Equity for the six months ended 30 September 2011

	Share capital	Share premium	Reverse acquisition reserve	Convertible loan reserve	Capital contribution reserve	Translation reserve	Warrant reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£	£
At 1 April 2010	5,524,445	72,574,560	(63,104,556)	-	83,787	13,157	1,473,719	(14,460,973)	2,104,139
Comprehensive income									
Loss for the year	-	-	-	-	-	-	-	(2,379,494)	(2,379,494)
Other comprehensive income									
Currency translation differences	-	-	-	-	-	(890)	-	-	(890)
Total comprehensive income for the year ended 31 March 2011	-	-	-	-	-	(890)	-	(2,379,494)	(2,380,384)
Warrants issued on lines of funding	-	-	-	-	-	-	152,086	-	152,086
Credit to equity due to the convertible loan	-	-	-	260,870	-	-	-	-	260,870
	-	-	-	260,870	-	-	152,086	-	412,956
At 31 March 2011	5,524,445	72,574,560	(63,104,556)	260,870	83,787	12,267	1,625,805	(16,840,467)	136,711

Gasol Plc

Unaudited Condensed Consolidated Statement of Changes in Equity for the six months ended 30 September 2011

	Share capital	Share premium	Reverse acquisition reserve	Capital contribution reserve	Translation reserve	Warrant reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£
At 1 April 2010	5,524,445	72,574,560	(63,104,556)	83,787	13,157	1,473,719	(14,460,973)	2,104,139
Comprehensive income								
Loss for the period	-	-	-	-	-	-	(1,175,695)	(1,175,695)
Other comprehensive income								
Currency translation differences	-	-	-	-	1,615	-	-	1,615
Total comprehensive income for the 6 months ended 30 September 2010	-	-	-	-	1,615	-	(1,175,695)	(1,174,080)
Warrants – on lines of funding	-	-	-	-	-	126,098	-	126,098
Share-based payments	-	-	-	-	-	-	2,244	2,244
	-	-	-	-	-	126,098	2,244	128,342
At 30 September 2010	5,524,445	72,574,560	(63,104,556)	83,787	14,772	1,599,817	(15,634,424)	1,058,401

Gasol Plc

Unaudited Condensed Consolidated Statement of Changes in Equity for the six months ended 30 September 2011

	Share capital	Share premium	Reverse acquisition reserve	Convertible loan reserve	Capital contribution reserve	Translation reserve	Warrant reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£	£
At 1 April 2011	5,524,445	72,574,560	(63,104,556)	260,870	83,787	12,267	1,625,805	(16,840,467)	136,711
Comprehensive income									
Loss for the period	-	-	-	-	-	-	-	(1,041,086)	(1,041,086)
Other comprehensive income									
Currency translation differences	-	-	-	-	-	-	-	-	-
Total comprehensive income for the 6 months ended 30 September 2011	-	-	-	-	-	-	-	(1,041,086)	(1,041,086)
Convertible loan issue	-	-	-	97,301	-	-	-	-	97,301
Warrants – on lines of funding	-	-	-	-	-	-	48,468	-	48,468
Share-based payments	-	-	-	-	-	-	-	-	-
	-	-	-	97,301	-	-	48,468	-	145,769
At 30 September 2011	5,524,445	72,574,560	(63,104,556)	358,171	83,787	12,267	1,674,273	(17,881,553)	(758,606)

Unaudited Condensed Consolidated Statement of Changes in Equity for the six months ended 30 September 2011

Share capital account

Share capital records the nominal value of shares in issue.

Share premium account

Share premium records the receipts from issue of share capital above the nominal value of the shares. Share premium is stated net of direct issue costs.

Capital contribution reserve

Contributions provided to entities by shareholders that are not intended by either party to be repaid are accounted for as capital contributions.

Translation reserve

Translation gains and losses arising on the retranslation of net assets of subsidiaries whose presentational currency is not sterling are recognised directly in equity in the translation reserve.

Reverse acquisition reserve

A reverse acquisition reserve is established to take account of acquisitions that are deemed to be reverse acquisitions under International Financial Reporting Standards.

Retained earnings

The accumulated loss reserve records the cumulative profits less losses recognised in the Statement of Comprehensive Income, net of any distributions and share-based payments made.

Warrant reserve

The warrant reserve records the fair value charge of warrants issued by the Group.

Gasol Plc

Unaudited Condensed Consolidated Statement of Financial Position at 30 September 2011

	Unaudited 30 September 2011 £	Unaudited 30 September 2010 £	Audited 31 March 2011 £
Assets			
Non-current assets			
Goodwill	3,000,000	3,285,488	3,000,000
Property, plant and equipment	931	79,088	7,595
Total non-current assets	3,000,931	3,364,576	3,007,595
Current assets			
Trade and other receivables	182,660	213,320	143,929
Cash and cash equivalents	166,725	167,345	174,795
Total current assets	349,385	380,665	318,724
Total assets	3,350,316	3,745,241	3,326,319
Liabilities			
Current liabilities			
Trade and other payables	617,286	644,712	426,425
Borrowings	3,491,636	2,042,128	2,763,183
Total current liabilities	4,108,922	2,686,840	3,189,608
Total liabilities	4,108,922	2,686,840	3,189,608
Net (liabilities) / assets	(758,606)	1,058,401	136,711
Equity			
Share capital	5,524,445	5,524,445	5,524,445
Share premium account	72,574,560	72,574,560	72,574,560
Reverse acquisition reserve	(63,104,556)	(63,104,556)	(63,104,556)
Total issued equity	14,994,449	14,994,449	14,994,449
Capital contribution reserve	83,787	83,787	83,787
Convertible loan	358,171	-	260,870
Translation reserve	12,267	14,772	12,267
Warrant reserve	1,674,273	1,599,817	1,625,805
Retained losses	(17,881,553)	(15,634,424)	(16,840,467)
Total (deficit) / equity attributable to equity holders of the parent	(758,606)	1,058,401	136,711

Gasol Plc

Unaudited Condensed Consolidated Statement of Cash Flows for the six months ended 30 September 2011

	Unaudited six months ended 30 September 2011	Unaudited six months ended 30 September 2010	Audited Year ended 31 March 2011
	£	£	£
Loss before taxation	(1,041,086)	(1,175,695)	(2,379,494)
Adjustments for:			
Finance income	(1,879)	(29)	(35)
Finance costs	170,399	188,890	363,986
Depreciation charges	6,664	55,641	84,360
Impairment of goodwill	-	-	285,488
Share-based payment charge	-	2,244	-
Loss on disposal of property, plant and equipment	-	-	427
Operating cash flows before movements in working capital	(865,902)	(928,949)	(1,645,268)
(Increase)/decrease in receivables	(38,731)	(77,561)	98,170
Increase/(decrease) in payables	190,861	40,637	(179,265)
Net cash absorbed by operating activities	(713,772)	(965,873)	(1,726,363)
Cash flows from investing activities			
Interest received	1,879	29	35
Net cash recognised on reverse acquisition	-	-	42,347
Net cash generated by investing activities	1,879	29	42,382
Financing activities			
Interest paid	(1,177)	(1,985)	(19,701)
Proceeds from issue of unsecured loan	-	889,985	-
Proceeds from issue of convertible loan note	742,301	-	1,734,985
Repayment of loan	(37,301)	-	(100,807)
Net cash generated from financing activities	703,823	888,000	1,614,477
Net decrease in cash and cash equivalents	(8,070)	(77,844)	(69,504)
Cash and cash equivalents at beginning of period	174,795	245,189	245,189
Effect of foreign exchange rates	-	-	(890)
Cash and cash equivalents at end of period	166,725	167,345	174,795

Notes to the Unaudited Consolidated Interim Financial Statements for the six months ended 30 September 2011

1. Basis of preparation

These unaudited interim financial statements are for the six months ended 30 September 2011. They have been prepared in accordance with recognition and measurement principles of International Financial Reporting Standards (IFRS) as endorsed by the European Union and implemented in the UK. This report should be read in conjunction with the annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee ('IFRIC') Interpretations and the Companies Act 2006, as applicable to companies reporting under IFRS.

The financial information in this interim announcement has not been prepared in accordance with IAS 34 'Interim Financial Reporting'. It does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The unaudited interim financial statements were approved by the Board on 21 December 2011.

The comparative financial information for the year ended 31 March 2011 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts of Gasol plc for the year ended 31 March 2011 have been reported on by the Company's auditor, BDO LLP and have been delivered to the Registrar of Companies. The report of the auditor was unqualified but contained an emphasis of matter statement with regard to going concern. The auditor's report did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006.

The financial information for the six months ended 30 September 2010 and 2011 is unaudited and has not been reviewed by the auditors in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom.

Going concern

The consolidated interim financial statements have been prepared on a going concern basis, reflecting the Directors' belief that there are sufficient financial resources in place or will be available to Gasol in order to be able to meet its present obligations as they fall due. Gasol is currently involved in discussions with external investors and advisors to secure future financing arrangements. The Board is also confident that it retains the continuing support from its major shareholders to provide additional funding should other sources not be forthcoming. The directors believe that based on the negotiations to date the outcome will be positive. The directors appreciate that this lack of formally negotiated funding may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, with the expectation of Gasol formally agreeing new funding from its major shareholders and other financial investors, the directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future and have therefore concluded that it is appropriate to prepare the interim financial statements on a going concern basis.

Notes to the Unaudited Consolidated Interim Financial Statements for the six months ended 30 September 2011 (continued)

2. Accounting policies - Basis of consolidation

The consolidated interim financial statements incorporate the financial statements of Gasol and all its subsidiaries and joint ventures. The most recent set of audited financial statements for Gasol were made up to 31 March 2011.

This interim financial information for Gasol incorporates the consolidated financial statements of Gasol, African LNG Holdings Limited (“AFLNG”), African LNG Services Limited, Afgas Infrastructure Limited, Afgas Nigeria Limited and SONAF G.E S.A. for the six months ended 30 September 2011.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2011.

3. Loss per ordinary share

The calculation of a basic loss per share of 0.09 pence (6 months ended 30 September 2010 loss per share of 0.11 pence; year ended 31 March 2011: loss per share of 0.22 pence) is based on the loss for the period attributable to equity holders of the Gasol of £1,041,086 (6 months ended 30 September 2010: £1,175,695; year ended 31 March 2011: £2,379,494).

The weighted average number of shares in issue used in the loss per share calculation of 1,104,889,234 (6 months ended 30 September 2010: 1,104,889,234; year ended 31 March 2011: 1,104,889,234) represents the weighted average number of ordinary shares in Gasol that were in issue during the period.

Due to the loss incurred during the period, a diluted loss per share has not been disclosed as this would serve to reduce the basic loss per share.

4. Interim report

This document is available on the Company’s website at www.gasolplc.com.