

**For immediate release**

**28 November 2007**

**GASOL PLC**

("Gasol" or "the Company")

**Interim results for the six months ended 31 August 2007**

**Gasol plc** (AIM: GAS), whose strategic objective is to become the premier independent liquefied natural gas (LNG) company in West and Central Africa, is pleased to announce its interim results for the six months ended 31 August 2007.

**Highlights**

- Continued progress in the development of our strategy to access and liquefy low cost gas reserves in West and Central Africa and then to market LNG in high value markets in US and Europe.
- African LNG, in which Gasol owns a 20 per cent stake and has an option to purchase the balance of 80 per cent, has identified a portfolio of LNG opportunities and is in dialogue with utility majors to form strategic alliances and/or joint ventures.
- Acquisition of 75 per cent stake in Afgas Infrastructure Limited, a company formed to build and operate the gas pipelines and related infrastructure required to transport gas from its source to LNG liquefaction plants in West and Central Africa.
- Appointment as CEO of Soumo Bose, an executive with an extensive track record in the global gas industry, most recently with BG Group in a substantial LNG business.
- Continued careful cost control has resulted in net cash of £3.23 million at the balance sheet date (H12006: £3.08 million).

**Soumo Bose, Gasol's Chief Executive Officer, said:** "We continue to make significant progress in delivering our strategy for monetising LNG opportunities in West and Central Africa. Through our investments to date and our strategic relationships we have created a platform from which we intend to build a substantial LNG business supplying low cost African gas to high value markets in the Atlantic Basin."

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## **Gasol Plc**

### **Chief Executive Officer's Statement**

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FOR THE 6 MONTHS ENDED 31 AUGUST 2007

It is with particular pleasure that I report Gasol's interim results for the six months ended 31 August 2007 as this is my first results statement since joining the company as Chief Executive Officer in September this year.

I am extremely excited by the opportunities available to Gasol as a quoted, Africa-focussed pure-play LNG company and I am delighted to have the opportunity to join the company at such an exciting stage in its development. I particularly look forward to working with Gasol's strong Board and management team and to the opportunity of working under the guidance of Dr Rilwanu Lukman, the former OPEC President & Secretary General who is currently Honorary Advisor to the President of Nigeria on Energy and Strategic Matters and strategic adviser to the Gasol Board.

My background for the past 10 years has been in the gas industry, most recently in liquefied natural gas (LNG). During this period I have worked at BG Group, Calor Gas and SHV Gas, with my most recent position having been CFO of Egyptian LNG, a \$2 billion LNG joint venture between BG Group, Petronas, Gaz de France and Egyptian state gas companies. My experience in the gas business has been global - I have lived and worked in six countries across Africa, Asia and Europe.

#### **LNG – a high growth business worldwide, with Western Africa emerging as a key supplier**

The worldwide natural gas markets are showing exciting growth, due to high oil prices, growth in demand for energy and natural gas being competitive for power generation. The fact that natural gas is a clean source of energy finds favour with governments and industry. The increasing demand for natural gas, combined with the substantial distances between where gas is needed and where gas is produced, has fuelled the growth in the LNG business. Worldwide LNG markets are expected to show high growth due to increasing overall demand, declining sources of domestic natural gas in gas-consuming countries, the objective of consuming countries to diversify sources of supply and the desire of gas-producing countries to commercialise their gas resources.

I believe Gasol's strategy of creating value by connecting LNG produced in West and Central Africa to high value markets in US and Europe and looking further into the growing markets in Asia is particularly timely. It is a well known fact that West and Central Africa, especially Nigeria, has one of the largest untapped gas reserves. Much of the gas has fragmented ownership providing an opportunity to pool the gas into economic sizes for liquefaction and export. The region also has large quantities of gas being flared, which provides an opportunity for monetising flared gas by putting in place appropriate technology and infrastructure. Gasol, through its investment in African LNG, is seeking to access substantial gas reserves and flared gas to underpin development of multiple LNG trains in the region.

It is increasingly accepted that West Africa will become a major supply point for LNG for countries throughout the Atlantic Basin including the key markets of Europe and North America. The quantum growth in LNG-consuming markets can be sustained only if West African gas can be transported to these markets via the LNG route. Utility and energy majors and large financial institutions have become very interested in taking strategic gas and LNG positions in the region, which provides scope for mutually beneficial partnerships and strategic alliances.

I am pleased to report progress in the following areas:

## **LNG – liquefaction and marketing**

African LNG (AfLNG), in which Gasol owns a 20 per cent stake and has an option to purchase the balance of 80 per cent, has identified a portfolio of LNG opportunities to monetise stranded gas reserves and flared gas. Dialogue with utility majors to form strategic alliances and/or joint ventures is making progress. Early stage discussions with potential partners for regasification and for marketing of gas have also been encouraging. The presence of gas reserves/flared gas, credible partners and a ready market for LNG provide the essential ingredients for financing these project opportunities.

## **Upstream gas partnership via African LNG with Afren plc**

This continues to be an extremely strategic relationship, providing Gasol, via African LNG the right of first refusal to liquefy and market gas assets of Afren. This alliance should result, in the medium term, in substantial gas assets being available to Gasol to liquefy and market.

## **Gas gathering/pipeline infrastructure**

During the period under review, Gasol acquired a 75 per cent equity stake in Afgas Infrastructure Limited (AIL), a subsidiary of African Gas Development Corporation. AIL intends to develop, design, finance, construct and operate gas gathering/pipeline infrastructure and processing systems, essential to transport gas to LNG export projects. The AIL stake gives Gasol a strategic position to capture value from significant revenues accruing from tariff charges and tolling fees. AIL has been negotiating a major gas infrastructure project in Equatorial Guinea, with encouraging results. AIL, through its partners, has also signed heads of agreements with leading international and local gas pipeline/project management companies.

During the period under review, Gasol also purchased 75% of Afgas Nigeria Limited, another subsidiary of African Gas Development Corporation Ltd. Afgas Nigeria is currently in the business development stage and focusing on development of gas infrastructure and other gas related activities in Nigeria.

## **Alignment with host governments**

A critical success factor for an LNG business is a strong alignment between the LNG company's strategy and the domestic gas and export policies of host governments and state oil/gas companies. Gasol recognises this and through its well connected Board and management, and strong local partners, has maintained excellent relationships with key government constituents.

## **Health, safety & environment (HSE)**

The Board and management recognise that adopting best in class HSE policies and procedures is crucial for the success of an LNG business. While Gasol is in the early stages of development, it has been agreed that appropriate HSE policies will be developed and applied in all investment decisions and partnerships and, most certainly, in operated assets at a later stage.

## **Corporate affairs & management**

We are continuing to build our team as the business grows and are currently seeking to recruit a Chief Financial Officer among other appointments. We have recently moved our London offices to larger premises.

## **Corporate governance**

The Board realises the necessity of appropriate corporate governance and risk management policies and, as the business develops, these will continue to be high on the Board's agenda. The Gasol Board has recently adopted a committee structure comprising of Nominations, Remuneration,

Governance and Risk Management and Investment committees. The Governance and Risk Management Committee will oversee the governance framework, internal controls and assurance processes within our company and affiliates.

## **Financials**

Gasol is at a relatively early stage in its development and therefore reported no turnover (H1 2006: £nil) and a loss before and after tax of £1.10 million (H1 2006: loss of £0.32 million). The increased loss reflects ongoing investment in the development of the company.

We have continued to exercise careful cost control and had net cash at the balance sheet date of £3.23 million (H12006: £3.08 million).

## **Outlook**

Gasol has a sound strategy to deliver value across the LNG gas chain by building a substantial LNG business and selling LNG sourced from Africa into the high value markets in the US and Europe, and ultimately to Asia. We are on track to attain our objective of liquefying and selling 5 million tonnes of LNG per annum in five years' time. Our LNG activities are focussed on a region that will be one of the most important gas suppliers to the world. Our Board and management team have a strong Africa track record and LNG experience and our corporate culture has a distinctive African affinity, which places us at an advantage when operating in Africa. Important progress has been made in forging alliances in all parts of the value chain - gas supply, infrastructure for gas gathering and transportation, liquefaction and marketing. Project opportunities have been identified and progressed by African LNG and AIL. While development of a LNG business takes several years, is capital intensive, carries financing risks and is dependent on government support and policies, we are confident of managing these business risks. We are entering an exciting phase of our company's development as a unique Africa focussed independent LNG company and look forward to the future with confidence.

## **Soumo Bose**

Chief Executive Officer

28 November 2007

**Gasol Plc**  
**Consolidated Income Statement**  
**for the six months ended 31 August 2007**

		<b>Restated (see note 4)</b>	
	<b>Note</b>	<b>Unaudited 6 months ended 31 August 2007 £</b>	<b>Unaudited 6 months ended 31 August 2006 £</b>
			<b>Unaudited Year ended 28 February 2007 £</b>
Administrative expenses		(1,192,803)	(1,343,123)
<b>Loss from operations</b>		<u>(1,192,803)</u>	<u>(1,343,123)</u>
Investment revenues	6	95,750	210,423
Finance costs		(553)	-
<b>Loss before taxation</b>		<u>(1,097,606)</u>	<u>(1,132,700)</u>
Tax expense	7	-	-
<b>Loss for the period</b>	5	<u><u>(1,097,606)</u></u>	<u><u>(1,132,700)</u></u>
<b>Loss per ordinary share</b>			
Basic and diluted loss per share	8	<u><u>(0.70p)</u></u>	<u><u>(0.89p)</u></u>

All results relate to continuing activities.

All losses for the period are attributable to equity shareholders of the parent.

**Gasol Plc**  
**Consolidated Statement of Recognised Income and Expense**  
**for the six months ended 31 August 2007**

	<b>Unaudited 6 months ended 31 August 2007 £</b>	<b>Restated (see note 4) Unaudited 6 months ended 31 August 2006 £</b>	<b>Unaudited Year ended 28 February 2007 £</b>
Exchange differences on translation of foreign operations	(45)	-	-
<b>Net loss recognised directly in equity</b>	(45)	-	-
Loss for the period	(1,097,606)	(315,991)	(1,132,700)
<b>Total recognised income and expense for the period attributable to equity shareholders</b>	<u>(1,097,651)</u>	<u>(315,991)</u>	<u>(1,132,700)</u>

All losses for the period are attributable to equity shareholders of the parent.

**Gasol Plc**  
**Consolidated Balance Sheet**  
**at 31 August 2007**

		Unaudited 31 August 2007 £	Restated (see note 4) Unaudited 31 August 2006 £	Unaudited 28 February 2007 £
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	9	5,734,413	5,624,989	5,624,989
Other intangible assets	10	494,604	-	-
Property, plant and equipment		411,855	3,798	129,669
<b>Total non-current assets</b>		<u>6,640,872</u>	<u>5,628,787</u>	<u>5,754,658</u>
<b>Current assets</b>				
Trade and other receivables		141,100	38,041	122,178
Cash and cash equivalents		3,230,568	3,083,846	5,007,036
<b>Total current assets</b>		<u>3,371,668</u>	<u>3,121,887</u>	<u>5,129,214</u>
<b>Total assets</b>		<u>10,012,540</u>	<u>8,750,674</u>	<u>10,883,872</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		259,299	91,611	155,227
Short-term borrowings		-	-	7,723
<b>Total current liabilities</b>		<u>259,299</u>	<u>91,611</u>	<u>162,950</u>
<b>Non-current liabilities</b>				
Long-term borrowings		94,156	143,000	144,157
Convertible loan notes	12	-	630,000	-
<b>Total non-current liabilities</b>		<u>94,156</u>	<u>773,000</u>	<u>144,157</u>
<b>Total liabilities</b>		<u>353,455</u>	<u>864,611</u>	<u>307,107</u>
<b>Net assets</b>		<u>9,659,085</u>	<u>7,886,063</u>	<u>10,576,765</u>
<b>Equity</b>				
Share capital		778,833	582,500	778,833
Share premium account		10,263,993	6,952,915	10,263,993
Translation reserve		(45)	-	-
Retained (losses)/earnings		(1,383,696)	350,648	(466,061)
<b>Equity attributable to equity holders of the parent</b>	13	<u>9,659,085</u>	<u>7,886,063</u>	<u>10,576,765</u>

The financial statements were approved by the board of directors and authorised for issue on 28 November 2007. They were signed on its behalf by:

Soumo Bose

Director

**Gasol Plc**  
**Consolidated Cash Flow Statement**  
**for the six months ended 31 August 2007**

		<b>Unaudited 6 months ended 31 August 2007 £</b>	<b>Restated (see note 4) Unaudited 6 months ended 31 August 2006 £</b>	<b>Unaudited Year ended 28 February 2007 £</b>
<b>Net cash absorbed by operating activities</b>	15(a)	(923,726)	(216,571)	(1,317,814)
<b>Investing activities</b>				
Interest received		107,918	87,106	210,423
Purchases of property, plant and equipment		(342,834)	(716)	(128,318)
Expenditure on capitalised projects		(233,833)	-	-
Acquisition of subsidiaries		(375,489)	(1,134,589)	(991,005)
<b>Net cash used in investing activities</b>		(844,238)	(1,048,199)	(908,900)
<b>Financing activities</b>				
Interest paid on bank overdraft		(553)	-	-
Proceeds from issue of shares		-	-	2,877,411
<b>Net cash (used in)/from financing activities</b>		(553)	-	2,877,411
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,768,517)	(1,264,770)	650,697
<b>Cash and cash equivalents at beginning of period</b>	15(b)	4,999,313	4,348,616	4,348,616
Effect of foreign exchange rate changes		(228)	-	-
<b>Cash and cash equivalents at end of period</b>	15(b)	3,230,568	3,083,846	4,999,313

**Gasol Plc**  
**Notes to the consolidated interim statement**  
**for the 6 months ended 31 August 2007**

**1. Basis of preparation**

The AIM Rules for Companies require that the annual consolidated financial statements of the company for the year ending 28 February 2008 be prepared in accordance with International Financial Reporting Standards adopted for use in the European Union ("EU") ("IFRS").

Consequently these interim financial statements has been prepared on the basis of the recognition and measurement requirements of IFRS in issue that are either endorsed by the EU and effective (or available for early adoption) at 28 February 2008, the group's first annual reporting date at which it is required to use IFRS. Based on these IFRS, the directors have made assumptions about the accounting policies expected to be applied when the first annual IFRS financial statements are prepared for the year ending 28 February 2008.

IAS 34 "Interim financial reporting" has not been early adopted.

An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the group is included within note 17. This includes reconciliations of equity and profit or loss for the comparative periods under UK Generally Accepted Accounting Practice ("UK GAAP") to those reported for the periods under IFRS.

The preparation of the interim statement requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

This interim statement has been prepared under the historical cost convention.

This interim statement is unaudited. The comparatives for the full year ended 28 February 2007 are not the group's statutory accounts for that year as they are restated under IFRS. A copy of the statutory accounts for that year, which were prepared under UK GAAP, have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 237(2)-(3) of the Companies Act 1985.

**2. Significant accounting policies**

**Basis of accounting**

The significant accounting policies that the group has applied to its financial statements for the six months ended 31 August 2007 and which it expects to apply in its full financial statements for the year ending 28 February 2008 are set out below.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and entities controlled directly or indirectly by the company (its subsidiaries) made up to 28 February each year and interim financial statements made up to 31 August. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included from the date that control commences until the date that control ceases.

Minority interests in the net assets or liabilities of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share

of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### **Business combinations**

The results of subsidiaries acquired in the period are included in the income statement from the date they are acquired. On acquisition, all of the subsidiaries' assets and liabilities that exist at the date of acquisition are recorded at their fair values, reflecting their condition at that date.

### **Goodwill**

All business combinations are accounted for by applying the purchase method. Goodwill arising on consolidation represents the excess of the consideration paid on acquisition over the group's interest in the fair value of the identifiable assets (including any intangible assets) and liabilities acquired. Goodwill is not amortised but is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives. All other leases are classified as operating leases.

### **Foreign currencies**

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the

fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

## **Property, plant and equipment**

Office equipment and fixtures and fittings are stated at cost less accumulated depreciation and any recognised impairment loss. The cost is its purchase cost together with any incidental costs of acquisition.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method over the following periods:

Office equipment	2 years
Fixtures and fittings	4 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

### **Internally-generated intangible assets**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the group's development activities is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives from the point at which they are brought into use. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

### **Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **Financial instruments**

Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

#### ***Trade receivables***

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

### ***Financial liabilities and equity***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### ***Convertible loan notes***

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

#### ***Trade payables***

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### ***Equity instruments***

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

### **Provisions**

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

### **Share-based payments**

The group has applied the requirements of IFRS 2 *Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

### **Investment income**

Investment income relates to interest income, which is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### **3. Critical accounting judgements and key sources of estimation uncertainty**

In the process of applying the group's accounting policies, which are described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

#### **Capitalisation of project development costs**

As described in note 2, it is the group's policy to capitalise development costs, including borrowing costs, where the relevant criteria have been met.

Where a project is expected to be cash-generative in the future and a defined project plan is in place, all directly attributable expenditure for the project is capitalised to the extent that these amounts will be recovered when the project becomes cash-generative. These capitalised costs are reviewed at least annually for evidence of impairment.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### ***Recoverability of internally-generated intangible asset***

During the period, management reconsidered the recoverability of its internally-generated intangible asset in respect of the group's development activities which is included in its balance sheet at £494,604. The project continues to progress in a very satisfactory manner and the interest of a major market player has reconfirmed management's previous estimates of anticipated revenues from the project. Management is confident that the carrying amount of the asset will be recovered in full. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

#### ***Impairment of goodwill and other intangible assets***

Determining whether goodwill or other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The Directors note that the value of goodwill and related investments in the subsidiary company, African LNG Holdings Limited is dependent on the successful conclusion of agreements by the subsidiary. The carrying amount of goodwill at the balance sheet date was £5,734,413 with no impairment loss recognised in the 6 months ended 31 August 2007.

#### 4. Restatement of comparative period

The results and position of the group have been restated for the period ended 31 August 2006 to consolidate the financial position and post-acquisition result of African LNG Holdings (AfLNG) at that date. The corresponding interim statement showed only the position and result of the group, excluding AfLNG. It has since been determined that Gasol plc obtained control of AfLNG on 22 August 2006 and therefore the comparative period has been restated to reflect this.

A further adjustment has been made in respect of share options granted in the 6 month period ended 31 August 2006 that had not been accounted for in the corresponding interim statement.

#### 5. Loss for the period

Loss for the period has been arrived at after charging:

	<b>Unaudited 6 months ended 31 August 2007 £</b>	<b>Unaudited 6 months ended 31 August 2006 £</b>	<b>Unaudited Year ended 28 February 2007 £</b>
Share-based payments	179,971	48,733	48,733

#### 6. Investment revenues

	<b>Unaudit ed 6 months ended 31 August 2007 £</b>	<b>Unaudite d 6 months ended 31 August 2006 £</b>	<b>Unaudite d Year ended 28 February 2007 £</b>
Interest on bank deposits	95,750	87,106	210,423

#### 7. Tax

The company and the group have incurred tax losses for the period and a corporation tax charge is not anticipated. The amount of the unutilised tax losses has not been recognised in the financial statements as the recovery of this benefit is dependent on the future profitability of certain subsidiaries, the timing of which cannot be reasonable foreseen.

## 8. Loss per ordinary share

The calculation of a basic loss per share of 0.70 pence (31 August 2006: loss of 0.30 pence (restated – see note 4); 28 February 2007: loss of 0.89 pence) is based on the loss for the period attributable to equity holders of the Gasol plc of £1,097,606 (31 August 2006: loss of £315,991 (restated – see note 4); 28 February 2007: loss of £1,132,700) and on the weighted average number of shares in issue during the period of 155,766,666 (31 August 2006: 104,100,000; 28 February 2007: 127,856,895).

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

## 9. Goodwill

	<b>Unaudited £</b>
<b>Cost</b>	
At 1 March 2006	-
Additions	5,624,989
	<hr/>
At 1 September 2006	5,624,989
Additions	-
	<hr/>
At 1 March 2007	5,624,989
Additions	109,424
	<hr/>
At 31 August 2007	5,734,413
	<hr/>
<b>Accumulated impairment losses</b>	
At 1 September 2006, 1 March 2007 and 31 August 2007	-
	<hr/>
<b>Carrying amount</b>	
At 31 August 2007	5,734,413
	<hr/>
At 28 Feb 2007	5,624,989
	<hr/>
At 31 August 2006	5,624,989
	<hr/>

No impairment in goodwill has been identified in the 6 month period to 31 August 2007.

## 10. Other intangible assets

	Unaudited £
<b>Cost</b>	
At 31 August 2006 and at 1 March 2007	-
Acquired within subsidiary (note 14)	252,770
Additions	241,834
	<hr/>
At 31 August 2007	494,604
	<hr/>
<b>Amortisation</b>	
At 31 August 2006 and 1 March 2007	-
Charge for the period	-
	<hr/>
At 31 August 2007	-
	<hr/>
<b>Carrying amount</b>	
At 31 August 2007	494,604
	<hr/> <hr/>
At 28 February 2007	-
	<hr/> <hr/>
At 31 August 2006	-
	<hr/> <hr/>

The capitalised costs relate to the group's development activities and are capitalised within Afgas Infrastructure Limited. There are no amounts capitalised in the company only accounts of Gasol plc in relation to development activities. The amortisation period for development costs incurred on the project will be over its expected useful life once the project is brought into use.

## 11. Subsidiaries

Details of the company's subsidiaries at 31 August 2007 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
African LNG Holdings Limited	The Republic of Seychelles	20%	20%
Afgas Infrastructure Limited	The Republic of Seychelles	75%	75%
Afgas Nigeria Limited	Nigeria	75%	75%

The company holds an option to purchase the remaining 80% of the issued share capital of African LNG Holdings Limited by 24<sup>th</sup> December 2007 for a consideration based on an investment bank's assessment of the value of the shareholding being acquired discounted by 25%.

The existence of the option gives the company effective control over African LNG Holdings at the balance sheet date and at 28 February 2007.

All investments are held directly.

Losses have been made by the subsidiaries in the period. No minority interest in the losses has been recognised within these financial statements as the minority does not have a binding obligation to make additional investment to cover the losses.

## 12. Convertible loan notes

The convertible unsecured loan notes were issued on 31 January 2006 and were all converted on 8 December 2006 resulting in the issue of 12,600,000 ordinary shares of 0.5p at the conversion price of 5p per share.

## 13. Consolidated movement in equity

	Unaudited 31 August 2007 £	Unaudited 31 August 2006 £	Unaudited 28 February 2007 £
<b>Opening equity</b>	10,576,765	3,662,921	3,662,921
Loss for the period	(1,097,606)	(315,991)	(1,132,700)
New equity share capital subscribed	-	125,000	321,333
Premium on new share capital subscribed	-	3,625,000	7,058,667
Issue costs	-	-	(122,589)
Share-based payments	179,971	789,133	789,133
Retranslation of financial result and position of foreign subsidiaries	(45)	-	-
<b>Closing equity</b>	<hr/> 9,659,085	<hr/> 7,886,063	<hr/> 10,576,765 <hr/>

As part of the 22 August 2006 acquisition of African LNG Holdings Limited, a share based payment of £740,400 formed part of the consideration.

#### 14. Acquisition of subsidiaries

On 15 March 2007 the group acquired 75% of the issued share capital of Afgas Infrastructure Limited and a beneficial interest in 75% of the issued share capital of Afgas Nigeria Limited for a combined cash consideration of £400,000. This transaction has been accounted for by the purchase method of accounting.

	Unaudited Afgas Nigeria Limited		Unaudited Afgas Infrastructure Limited	
	Book value £	Fair value £	Book value £	Fair value £
Property, plant and equipment	608	608	423	423
Intangible assets	-	-	252,770	252,770
Trade and other receivables	10,190	10,190	25,000	25,000
Cash and cash equivalents	24,511	24,511	-	-
Trade and other payables	(22,926)	(22,926)	-	-
Total net assets	<u>12,383</u>	<u>12,383</u>	<u>278,193</u>	<u>278,193</u>

The share of the net liabilities acquired is the total of the net liabilities of the entity being acquired as a minority interest in a retained losses is not permitted under IFRS.

Consideration (satisfied by cash)	63,952	336,048
Share of net assets acquired	(12,383)	(278,193)
Goodwill	<u>51,569</u>	<u>57,855</u>
<b>Net cash outflow arising on acquisition</b>		
Cash consideration	(63,952)	(336,048)
Cash and cash equivalents acquired	24,511	-
	<u>(39,441)</u>	<u>(336,048)</u>

Afgas Infrastructure Limited contributed £105,009 to the group's loss before tax for the period between the date of acquisition and the balance sheet date.

Afgas Nigeria Limited increased the group's loss before tax by £74,779 for the period between the date of acquisition and the balance sheet date.

There would have been no impact on the loss for the year had the acquisitions of Afgas Nigeria Limited and Afgas Infrastructure Limited taken place on the first day of the period.

## 15. Notes to the cash flow statement

### (a) Net cash absorbed by operating activities

	Unaudited 31 August 2007 £	Restated (see note 4) Unaudited 31 August 2006 £	Unaudited 28 February 2007 £
Loss before taxation	(1,097,606)	(315,991)	(1,132,700)
Adjustments for:			
Investment revenues	(95,750)	(87,106)	(210,423)
Finance costs	553		
Depreciation of property, plant and equipment	61,680	1,028	2,759
Share-based payment expense	179,971	48,733	48,733
	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	(951,152)	(353,336)	(1,291,631)
Decrease/(increase) in receivables	(18,922)	(21,040)	(80,602)
Increase/(decrease) in payables	46,348	157,805	54,419
	<hr/>	<hr/>	<hr/>
Net cash outflow from operations	<u>(923,726)</u>	<u>(216,571)</u>	<u>(1,317,814)</u>

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

### (b) Cash and cash equivalents

	Unaudited 31 August 2007 £	Restated (see note 4) Unaudited 31 August 2006 £	Unaudited 28 February 2007 £
Cash at hand and in bank	3,230,568	3,083,846	14,174
Overdraft	-	-	(7,723)
Treasury reserve deposits	-	-	4,992,862
	<hr/>	<hr/>	<hr/>
Net cash outflow from operations	<u>3,230,568</u>	<u>3,083,846</u>	<u>4,999,313</u>

## 16. Events after the balance sheet date

Management are not aware of any events occurring between the balance sheet date of these interim financial statements and the date of their approval that would materially impact the information contained within in these financial statements.

## 17. Explanation of transition to IFRS

This is the first year end that the group has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last audited financial statements under UK GAAP were for the year ended 28 February 2007 and the date of transition to IFRSs was therefore 1 March 2006.

### (a) Reconciliation of consolidated balance sheet at 1 March 2006 from UK GAAP to IFRS

	<i>Notes</i>	<b>UK GAAP</b> £	<b>Unaudited Effect of transition to IFRS</b> £	<b>Unaudited IFRS</b> £
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		4,110	-	4,110
<b>Current assets</b>				
Trade and other receivables		17,001	-	17,001
Cash and cash equivalents		4,348,616	-	4,348,616
<b>Total current assets</b>		<u>4,365,617</u>	<u>-</u>	<u>4,365,617</u>
<b>Total assets</b>		<u>4,369,727</u>	<u>-</u>	<u>4,369,727</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		76,806	-	76,806
<b>Non-current liabilities</b>				
Convertible loan notes		630,000	-	630,000
<b>Total liabilities</b>		<u>706,806</u>	<u>-</u>	<u>706,806</u>
<b>Net assets</b>		<u>3,662,921</u>	<u>-</u>	<u>3,662,921</u>
<b>Equity</b>				
Share capital		457,500	-	457,500
Share premium account		3,327,915	-	3,327,915
Retained losses		(122,494)	-	(122,494)
<b>Total equity</b>		<u>3,662,921</u>	<u>-</u>	<u>3,662,921</u>

(b) Reconciliation of consolidated balance sheet at 31 August 2006 from UK GAAP to IFRS

	Notes	Restated (see note 4) Unaudited UK GAAP £	Unaudited Effect of transition to IFRS £	Unaudited IFRS £
<b>Non-current assets</b>				
Goodwill		5,624,989	-	5,624,989
Property, plant and equipment		3,798	-	3,798
<b>Total non-current assets</b>		<u>5,628,787</u>	<u>-</u>	<u>5,628,787</u>
<b>Current assets</b>				
Trade and other receivables		38,041	-	38,041
Cash and cash equivalents		3,083,846	-	3,083,846
<b>Total current assets</b>		<u>3,121,887</u>	<u>-</u>	<u>3,121,887</u>
<b>Total assets</b>		<u>8,750,674</u>	<u>-</u>	<u>8,750,674</u>
<b>Current liabilities</b>				
Trade and other payables		91,611	-	91,611
<b>Non-current liabilities</b>				
Short-term borrowings		143,000	-	143,000
Convertible loan notes		630,000	-	630,000
<b>Total non-current liabilities</b>		<u>773,000</u>	<u>-</u>	<u>773,000</u>
<b>Total liabilities</b>		<u>864,611</u>	<u>-</u>	<u>864,611</u>
<b>Net assets</b>		<u>7,886,063</u>	<u>-</u>	<u>7,886,063</u>
<b>Equity</b>				
Share capital		582,500	-	582,500
Share premium account		6,952,915	-	6,952,915
Retained earnings	(ii)	458,399	(107,751)	350,648
<b>Equity attributable to equity holders of the parent</b>		<u>7,993,814</u>	<u>(107,751)</u>	<u>7,886,063</u>
<b>Minority interest</b>	(ii)	<u>(107,751)</u>	<u>107,751</u>	<u>-</u>
<b>Total equity</b>		<u>7,886,063</u>	<u>-</u>	<u>7,886,063</u>

## (c) Reconciliation of consolidated balance sheet at 28 February 2007 from UK GAAP to IFRS

	<i>Notes</i>	<b>Audited UK GAAP £</b>	<b>Unaudited Effect of transition to IFRS £</b>	<b>Unaudited IFRS £</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	(i)	5,484,364	140,625	5,624,989
Property, plant and equipment		129,669	-	129,669
<b>Total non-current assets</b>		<u>5,614,033</u>	<u>140,625</u>	<u>5,754,658</u>
<b>Current assets</b>				
Trade and other receivables		122,178	-	122,178
Cash and cash equivalents		5,007,036	-	5,007,036
<b>Total current assets</b>		<u>5,129,214</u>	<u>-</u>	<u>5,129,214</u>
<b>Total assets</b>		<u>10,743,247</u>	<u>140,625</u>	<u>10,883,872</u>
<b>Current liabilities</b>				
Trade and other payables		155,227	-	155,227
Bank overdrafts and loans		7,723	-	7,723
<b>Total current liabilities</b>		<u>162,950</u>	<u>-</u>	<u>162,950</u>
<b>Non-current liabilities</b>				
Trade and other payables		144,157	-	144,157
<b>Total liabilities</b>		<u>307,107</u>	<u>-</u>	<u>307,107</u>
<b>Net assets</b>		<u>10,436,140</u>	<u>140,625</u>	<u>10,576,765</u>
<b>Equity</b>				
Share capital		778,833	-	778,833
Share premium account		10,263,993	-	10,263,993
Retained losses	(i), (ii)	(376,810)	(89,251)	(466,061)
<b>Equity attributable to equity holders of the parent</b>		<u>10,666,016</u>	<u>(89,251)</u>	<u>10,576,765</u>
<b>Minority interest</b>	(ii)	(229,876)	229,876	-
<b>Total equity</b>		<u>10,436,140</u>	<u>140,625</u>	<u>10,576,765</u>

(d) Reconciliation of the UK GAAP consolidated statement of profit and loss to the IFRS consolidated income statement for the 6 months ended 31 August 2006

	<i>Notes</i>	Restated (see note 4) Unaudited UK GAAP £	Unaudited Effect of transition to IFRS £	Unaudited IFRS £
Administrative expenses		(403,097)	-	(403,097)
<b>Loss from operations</b>		<u>(403,097)</u>	<u>-</u>	<u>(403,097)</u>
Investment revenues		87,106	-	87,106
<b>Loss before tax</b>		<u>(315,991)</u>	<u>-</u>	<u>(315,991)</u>
Tax		-	-	-
<b>Loss for the period</b>		<u><u>(315,991)</u></u>	<u><u>-</u></u>	<u><u>(315,991)</u></u>

(e) Reconciliation of the UK GAAP consolidated statement of profit and loss to the IFRS consolidated income statement for the year ended 28 February 2007

	<i>Notes</i>	Audited UK GAAP £	Unaudited Effect of transition to IFRS £	Unaudited IFRS £
Administrative expenses	<i>(i)</i>	(1,483,748)	140,625	(1,343,123)
<b>Loss from operations</b>		<u>(1,483,748)</u>	<u>140,625</u>	<u>(1,343,123)</u>
Investment revenues		210,423	-	210,423
<b>Loss before tax</b>		<u>(1,273,325)</u>	<u>140,625</u>	<u>(1,132,700)</u>
Tax		-	-	-
<b>Loss for the period</b>		<u><u>(1,273,325)</u></u>	<u><u>140,625</u></u>	<u><u>(1,132,700)</u></u>

(f) **Notes to reconciliations explaining the transition to IFRS**

- i. Goodwill is not amortised under IFRS but is measured at cost less impairment losses. Under UK GAAP, goodwill was amortised on a straight line basis over the time that the group was estimated to benefit from it.
- ii. Under IFRS, losses applicable to the minority in a consolidated subsidiary may only exceed the minority interest in the subsidiary's equity to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses.