

Gasol Plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2007

Annual Report and Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

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Officers and Professional Advisers

Directors

Haresh Kanabar	Chief-Executive
Paul Biggs	Non-Executive Director
Charles Osezua	Non-Executive Director
Osman Shahenshah	Non-Executive Director

**Company Secretary
and Registered Office**

Rakesh R Patel
15 Bloomsbury Square
London WC1A 2LS

Company Number

5350159

**Nominated Adviser
and Broker**

Jefferies International Ltd
Bracken House
One Friday Street
London EC4M 9JA

Auditors

BDO Stoy Hayward LLP
Commercial Buildings
11-15 Cross Street
Manchester M2 1WE

Solicitors

Lane & Partners LLP
15 Bloomsbury Square
London WC1A 2LS

Registrars

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands B63 3DA

Chief Executive's Statement

FOR THE YEAR ENDED 28 FEBRUARY 2007

I am pleased to report Gasol's results for the year ended 28 February 2007, a period of considerable progress in the development of our strategy to build a substantial business focussed on liquefied natural gas (LNG), the fastest growing segment of the international oil and gas market. The depletion of indigenous European and US energy supplies, combined with concerns over the security of some European gas supplies, have reinforced the attractiveness of LNG from our chosen area of production, the Gulf of Guinea region of West and Central Africa. Through our progress to date, we now have the management team, investments, strategic relationships and strategy to move Gasol towards the next stage in the Company's development: the production, liquefaction, shipping and sale of significant volumes of LNG.

Through a series of executive and non-executive appointments during the period, and post the period end, we have assembled a management team with formidable experience of the LNG sector. I am particularly pleased to welcome Soumo Bose, who will become Chief Executive of the Company in September 2007, when I will continue as an Executive Director. Most recently Soumo was Chief Financial Officer of Egyptian LNG, a substantial joint venture between BG plc, Petronas, Gaz de France and Egyptian State oil and gas companies. Egyptian LNG, which has an annual capacity of more than 7 million tonnes over two LNG trains, supplies Egyptian natural gas to markets in Europe, North America and Asia.

At the same time as we announced the appointment of Soumo, 3 July 2007, we were also pleased to be able to announce that Charles Osezua, a respected authority on the West African gas market, and Paul Biggs, a lawyer who has worked on substantial infrastructure projects across Africa, were joining Gasol's Board as Non-Executive Directors. These two Non-Executives complement Osman Shahenshah, the founder and Chief Executive of Afren plc who has extensive international financial experience in the oil and gas sector and who joined the Board in July last year.

The Directors are highly fortunate in being assisted by Dr Rilwanu Lukman as Strategic Advisor to the Board. Dr Lukman's previous appointments include President and Secretary General of OPEC and Nigerian Minister of Petroleum Resources. He will assist Gasol in further leveraging its strategy and relationships in the Gulf of Guinea.

We believe that our management team has the breadth and depth of experience and vision to deliver Gasol's strategy, though further appointments will be made to the Board as the Company's investment programme progresses.

When Gasol joined the AIM market its initial objective was to seek and secure investments, the first of which we delivered in September 2006 by acquiring a 20 per cent shareholding in African LNG Holdings Ltd (African LNG), a business benefiting from a highly experienced management team whose strategic intention is to build a major independent LNG company in the Gulf of Guinea. Gasol holds an option to acquire the remaining 80 per cent of the equity in African LNG, at a valuation discount of 25 per cent and with an exercise end date of 24 December 2007.

Chief Executive's Statement

CONTINUED

I am pleased to report positive progress at African LNG, which is currently focussing on three conventional single train LNG projects and a floating LNG project. For the financing of these projects, African LNG is in discussions with a number of major European utilities in respect of downstream partnerships and long term sales agreements.

African LNG is currently 80 per cent owned by African Gas Development Corporation (Afgas), which has an exclusive joint venture with SONAGAS, the national gas company of Equatorial Guinea. This joint venture named SONAF is responsible for implementing a detailed multiphased strategy involving the monetisation of selected gas resources in Equatorial Guinea.

At the same time as we acquired the 20 per cent shareholding in African LNG, we also formed a strategic alliance comprising Gasol, African LNG and Afren plc to gain access to upstream gas supplies in the Gulf of Guinea through Afren in return for which Afren gains preferred access to Gasol's planned gas conversion activities. Afren is an AIM-quoted exploration and production company with primary operating assets in Nigeria and elsewhere in the the Gulf of Guinea region.

Through the above activities Gasol has successfully secured strategic positions in the only two countries in the Gulf of Guinea that presently have LNG capacity, Nigeria and Equatorial Guinea.

Shortly after the year end, we completed our second investment, a 75 per cent shareholding in Afgas Infrastructure Limited (AIL), a project company formed to support the gas infrastructure construction and operation activities of AFGAS, the parent company of African LNG. By acquiring this shareholding, Gasol will benefit from the potentially significant revenues accruable to AIL from tariff charges and tolling fees in respect of gas pipelines constructed and operated by AIL and for the use of associated infrastructure. Under its relationship with SONAGAS, AIL is participating in the development of one clearly identified major gas project in Equatorial Guinea and is actively reviewing other prospective opportunities for cooperation between Equatorial Guinea and neighbouring countries including Nigeria.

AIL will develop gas-gathering, transportation and processing systems in the Gulf of Guinea, including the design, financing, construction, operation and maintenance of relevant infrastructure.

We believe that our first two investments, in African LNG and AIL, and our strategic relationship with Afren provide a robust foundation for the future development of the Company, which benefits from a high quality network of contacts throughout West Africa.

Chief Executive's Statement

CONTINUED

Financials

Gasol was incorporated on 2 February 2005 so the year under review, to the 28 February 2007, is the first full 12 month period reported by the Company. The comparator figures are for the period since the Company's incorporation to 28 February 2006.

In addition during the year the results of African LNG have been consolidated due to power to exercise dominant influence being deemed to exist with the option to acquire the remaining 80% of the equity share capital not already owned by Gasol.

As a group still at a relatively early stage in its development, Gasol reported no turnover (2006: £nil). Reflecting the investments made during the period and the increased level of activity for the company, the loss for the year was £1.04 million and the loss per share was 0.87p. These results compare with a loss of £1.4 million and a loss per share of 3.25p in the period to 28 February 2006.

Careful cost control was exercised throughout the year. Net cash at the balance sheet date of 28 February 2007 was £5.00 million, compared with £4.35 million on 28 February 2006. The Company's balance sheet was bolstered by a successful fundraising announced on 1 September 2006, which resulted in net proceeds of £2.88 million in an equity issue at 15p per share.

Outlook

We have made significant progress to date in creating the platform from which the Company can move towards the next stage in its development: the production, liquefaction, shipping and sale of significant volumes of LNG. Through our investee company African LNG we are discussing long term sales agreements with a number of major European utilities. Such agreements will form the basis of a long term strategy designed to assist the financing of any of our targeted LNG production projects. We look forward to updating our shareholders in due course.

Haresh Kanabar
Chief Executive

31 August 2007

Report of the Directors

FOR THE YEAR ENDED 28 FEBRUARY 2007

The directors present their report together with the audited financial statements for the year ended 28 February 2007.

Results and dividends The consolidated profit and loss account is set out on page 12 and shows the loss for the year.

The directors do not recommend the payment of a dividend for the year (2006: £nil).

Principal activities, trading review and future developments

The principal activity of the Company is to seek, evaluate and capitalise on acquisition and investment opportunities in the oil and gas sectors.

A review of the Company's operations and future developments is set out in the Chief Executive's report on pages 3 to 5.

Principal risks and uncertainties

The Company has made good progress but is dependent on successful conclusion of agreements by its investee company African LNG as the Gas industry is highly competitive. The company competes with other exploration and production companies, many of which have greater financial resources than the company for the acquisition of properties, leases and other interests as well as for the recruitment and retention of skilled personnel. Such factors may result in the company being unable to implement its strategy, secure assets and recruit and retain staff.

Directors and interests

The directors of the company during the year and their beneficial interests in the ordinary shares of the Company were as follows:

		Ordinary shares of £0.05p each	
		At 28 February 2007	At 28 February 2006
J D Vergopoulos	(resigned 03/07/2007)	–	–
H Kanabar		–	–
M J Weston	(resigned 17/05/2006)	110,000	110,000
A D Robertson	(resigned 03/07/2007)	2,000,000	2,000,000
Osman Shahenshah	(appointed 25/08/2006)	–	–

In September 2007 Soumo Bose will become Chief Executive of the Company. Additionally since the year end Charles Osezua and Paul Biggs have joined the board as non-executive directors.

The Directors interests in share options of the Company at 28 February 2007 were as follows:

	Options at 28 February 2007	Exercise Price	Date of grant	First date of exercise	Final date of exercise
A D Robertson	200,000	5p	31/01/2006	31/01/2006	31/01/2009
H Kanabar*	500,000	15p	25/08/2006	25/08/2006	25/08/2009
Osman Shahenshah*	500,000	15p	25/08/2006	25/08/2006	25/08/2009

*These options were granted to Directors during the year

No director exercised share options during the year.

The market price of the ordinary shares at 28 February 2007 was 7.25 pence and the range during the year was 5.56 to 13.50 pence.

Report of the Directors

CONTINUED

Significant shareholders

As at 17 August 2007, so far as the directors are aware, the only persons (other than the interests held by directors) who are directly or indirectly interested in 3 per cent. or more of the nominal value of the company's share capital are as follows:

	Number of ordinary shares held	Ordinary shares as % of issued share capital
African Gas Development Corporation Limited	25,000,000	16.04%
Blue Star Capital plc (H D Kanabar* is a director and shareholder in Blue Star Capital plc)	21,666,666	13.90%
Artemis Investment Management Limited	12,333,333	7.92%
African Dawn Equity Partners	10,000,000	6.42%
Afren plc	10,000,000	6.42%
Fidelity International Limited	9,103,310	5.84%
Fairdale Consulting Limited	7,400,000	4.75%

*Director

Payments to suppliers

The company has no formal code or standard which deals specifically with the payment of suppliers. However, the company's policy on the payment of all creditors is to ensure that the terms of payment, as specified and agreed with the supplier, are not exceeded. At the year end trade creditors represented 18 days purchases (2006: 25 days).

Donations

No charitable or political donations were made during the year.

Post balance sheet events

Refer to note 20 for a description of significant events occurring post balance date.

Going concern

The financial statements have been prepared on a going concern basis. The Group's cash resources stood at £5 million at 28 February 2007. The Group intends to continue to operate within its cash resources.

Financial instruments

Financial instruments are discussed in note 17.

Auditors

All the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue as auditors of the company and a resolution to reappoint them will be proposed at the next Annual General Meeting.

ON BEHALF OF THE BOARD OF DIRECTORS

Haresh Kanabar
Director

31 August 2007

Corporate Governance Statement

FOR THE YEAR ENDED 28 FEBRUARY 2007

The company, being listed on AIM, is not required to comply with the Combined Code. However the company has given consideration to the code provisions set out in Section 1 of the Combined Code 2003 (“the Code”) on Corporate Governance annexed to the Financial Services Authority Listing Rules. The directors support the objectives of the Code and intend to comply with those aspects which they consider relevant to the Group’s size and circumstances, however, this does not encompass all elements of the combined code. Details of these are set out below. A statement of the directors’ responsibilities in respect of the financial statements is set out on page 9. Below is a brief description of the role of the board and its committees, including a statement regarding the Group’s system of internal financial control.

The Board of Directors

The non-executive directors are independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

The Board meets from time to time 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 the shareholders

Internal Financial Control

The Board is responsible for establishing and maintaining the Group’s system of internal financial controls. 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 very nature can provide reasonable, but not absolute, assurance against material misstatement or loss.

All business plans are appraised and agreed by the Board. The Board can also engage independent professional advice on risk assessment matters. It is the Board’s policy to ensure that the management structure and the quality and integrity of the personnel are compatible with the requirements of the Group.

Statement of Directors' Responsibilities

FOR THE YEAR ENDED 28 FEBRUARY 2007

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the Directors' Report and other information included in the annual report is prepared in accordance with Company Law in the United Kingdom. They are also responsible for ensuring that the annual report includes information required by the AIM rules.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Report of the Independent Auditors

to the shareholders of Gasol Plc

We have audited the group and parent company financial statements (the “financial statements”) of Gasol Plc for the year ended 28 February 2007 which comprise the Consolidated profit and loss account, Consolidated and Company balance sheets, the Consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors’ responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors’ responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors’ report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors’ remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Chief Executive’s review, Corporate governance statement, Statement of Directors’ responsibilities and the Directors’ report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Report of the Independent Auditors

CONTINUED

Basis of audit opinion We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 28 February 2007 and of the group's loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 28 February 2007;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Manchester

31 August 2007

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 28 FEBRUARY 2007

	Note	Acquisitions 2007 £	Continuing activities 2007 £	Total year ended 28 February 2007 £	Total period ended 28 February 2006 As restated £
Administrative expenses		(287,612)	(1,196,136)	(1,483,748)	(1,461,735)
Operating loss	2	(287,612)	(1,196,136)	(1,483,748)	(1,461,735)
Interest receivable and similar income	3	267	210,156	210,423	61,549
Loss on ordinary activities before taxation		(287,345)	(985,980)	(1,273,325)	(1,400,186)
Tax on loss on ordinary activities	5			–	–
Loss on ordinary activities after taxation				(1,273,325)	(1,400,186)
Minority interest				229,876	–
Loss for the financial year	15,16			(1,043,449)	(1,400,186)
Loss per share	6			(0.87p)	(3.25p)

All amounts relate to continuing activities.

There are no recognised gains or losses for the year other than the loss reported.

The notes on pages 15 to 27 form part of these financial statements.

Consolidated and Company Balance Sheets

AT 28 FEBRUARY 2007

	Note	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Fixed assets					
Intangible assets	7	5,484,364	–	–	–
Tangible assets	8	129,669	4,110	129,669	4,110
Investments in subsidiary undertakings	9	–	–	6,090,400	–
		5,614,033	4,110	6,220,069	4,110
Current assets					
Debtors:					
amounts falling due within one year	10	122,178	17,001	82,236	17,001
Cash at bank and in hand		5,007,036	4,348,616	4,992,861	4,348,616
		5,129,214	4,365,617	5,075,097	4,365,617
Creditors:					
amounts falling due within one year	11	(162,950)	(76,806)	(431,056)	(76,806)
Net current assets		4,966,264	4,288,811	4,644,041	4,288,811
Total assets less current liabilities		10,580,297	4,292,921	10,864,110	4,292,921
Creditors:					
amounts falling due after more than one year	11	(144,157)	(630,000)	–	(630,000)
		10,436,140	3,662,921	10,864,110	3,662,921
Capital and reserves					
Called up share capital	12	778,833	457,500	778,833	457,500
Share premium account	15	10,263,993	3,327,915	10,263,993	3,327,915
Profit and loss account	15	(376,810)	(122,494)	(178,716)	(122,494)
Shareholders' funds		10,666,016	3,662,921	10,864,110	3,662,921
Minority interests (equity)		(229,876)	–	–	–
		10,436,140	3,662,921	10,864,110	3,662,921

The financial statements were approved by the Board of Directors and authorised for issue on 31 August 2007 and were signed on its behalf by:

H D Kanabar
Director

The notes on pages 15 to 27 form part of these financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 28 FEBRUARY 2007

	Note	Year ended 28 February 2007 £	Period ended 28 February 2006 £
Net cash outflow from operating activities	(a)	(1,318,971)	(124,238)
Returns on investments and servicing of finance			
Interest received		210,423	61,549
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(128,318)	(4,110)
Acquisitions			
Purchase of subsidiary undertaking	(d)	(991,005)	–
Net cash outflow before management of liquid resources and financing		(2,227,871)	(66,799)
Management of liquid resources			
Increase in treasury deposits		(652,862)	(4,340,000)
Financing			
Loan taken out		1,157	–
Issue of ordinary shares		3,000,000	3,900,000
Expenses paid in connection with share issues		(122,589)	(114,585)
Convertible loan stock received		–	630,000
Net cash inflow from financing		2,878,568	4,415,415
(Decrease)/increase in net cash	(b)	(2,165)	8,616

The notes on pages 15 to 27 form part of these financial statements.

Notes to the Consolidated Cash Flow Statement

FOR THE YEAR ENDED 28 FEBRUARY 2007

(a) Reconciliation of operating loss to net cash outflow from operating activities	2007 £	2006 As restated £
Operating loss	(1,483,748)	(1,461,735)
Depreciation of tangible fixed assets	2,759	–
Amortisation of goodwill arising on consolidation	140,625	–
Share based payments	48,733	1,277,692
Increase in debtors	(80,602)	(17,001)
Increase in creditors	53,262	76,806
Net cash outflow from operating activities	(1,318,971)	(124,238)

(b) Reconciliation of net cash flow to movement in the net funds	2007 £	2006 £
(Decrease)/increase in net cash in the year	(2,165)	8,616
Cash inflow from increase in liquid resources	652,862	4,340,000
Decrease/(increase) in debt on redemption/(issue) of convertible loan notes	630,000	(630,000)
Movement in net funds	1,280,697	3,718,616
Opening net funds	3,718,616	–
Closing net funds	4,999,313	3,718,616

(c) Analysis of net funds	At 1 March 2006 £	Cash flow £	Non cash movement £	At 28 February 2007 £
Cash at bank and in hand	8,616	5,558	–	14,174
Overdrafts	–	(7,723)	–	(7,723)
Treasury reserve deposits	4,340,000	652,862	–	4,992,862
Convertible loan note	(630,000)	–	630,000	–
	3,718,616	650,697	630,000	4,999,313

Details of non-cash share based payments can be found in note 14.

(d) Acquisitions	2007 £	2006 £
Purchase of subsidiary undertakings	(1,000,000)	–
Cash acquired with subsidiary	8,995	–
Net cash outflow from acquisitions	(991,005)	–

The net assets acquired and the attributable considerations are disclosed in note 9.

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with currently applicable Accounting Standards in the United Kingdom, which have been applied consistently, and under the historical cost convention. In preparing these financial statements the Group has adopted for the first time FRS20 'Share-based Payment'.

Basis of consolidation

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings as at 28 February 2007 using the acquisition method of accounting. The acquisition method includes the results of subsidiary undertakings from the date of acquisition. Goodwill on consolidation is capitalised and amortised over its useful life from the date of acquisition.

The subsidiary undertaking's accounts are adjusted, where appropriate, to conform to Group accounting policies.

The Company has taken advantage of Section 230 of the Companies Act 1985 in not presenting its own profit and loss account. The Company's loss for the year was £845,355 (2006 loss of £1,400,186).

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for any impairment to their carrying value.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired.

Positive goodwill is capitalised and amortised through the profit and loss account on a straight line basis over the directors' estimate of its useful economic life, which has been estimated at 20 years.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life, as follows:

Office and computer equipment – 2 years on a straight-line basis
Office furniture and fittings – 4 years on a straight-line basis

Impairment of fixed assets and goodwill

The need for any fixed asset impairment writedown is assessed by comparison of the carrying value of the assets against the higher of realisable value and value in use.

Financial instruments

Financial instruments are measured initially and subsequently at cost.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the profit and loss account as they arise.

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

1 Accounting policies

(continued)

Deferred taxation

FRS 19 'Deferred tax' requires deferred taxation to be recognised in full in respect of transactions or events that have taken place by the balance sheet date and which could give rise to an obligation to pay more or less taxation in the future. Deferred tax assets are only recognised to the extent they are deemed recoverable. The group has chosen not to discount deferred tax balances, as permitted by FRS 19.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

Share-based payments

The cost of equity-settled transactions with suppliers of goods and services is measured by reference to the fair value of the good or service received, unless that fair value cannot be estimated reliably. The fair value of the good or service received is recognised as an expense as the Group receives the good or service. The cost of equity-settled transactions with employees, and transactions with suppliers where fair value cannot be estimated reliably, is measured by reference to the fair value of the equity instrument. The fair value of equity-settled transactions with employees is recognised as an expense over the vesting period. The fair value of the equity instrument is determined at the date of grant, taking into account market based vesting conditions. The fair value is determined using an option pricing model.

Adoption of FRS 20 – Share-based Payment

The Group has adopted Financial Reporting Standard (FRS) 20 'Share-based Payment' during the year.

In accordance with the transitional provisions, FRS20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 March 2006. For the year ended 2006 the change of policy has resulted in a net increase in the loss for the year of £1,277,692 and for the year ended 2007 the net increase in the loss was £48,733.

The share-based payments expense has been included in the administrative expenses line of the consolidated profit and loss account.

2 Operating loss

This is stated after charging:

	Year ended 28 February 2007 £	Period ended 28 February 2006 £
Depreciation of tangible assets	2,759	–
Amortisation of goodwill arising on consolidation	140,625	–
Share based payments	48,733	1,277,692
Auditors' remuneration		
– as auditors (Group)	15,000	9,000
– as auditors (Subsidiaries)	5,000	–
– listing advice	7,050	1,175

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

3 Interest receivable	Year ended 28 February 2007 £	Period ended 28 February 2006 £
Bank interest	210,423	61,549

4 Directors and staff – Group and Company	Year ended 28 February 2007 £	Period ended 28 February 2006 £
Directors' fees and emoluments	253,198	54,657

The highest paid director received emoluments totalling £89,523 (2005 – £23,500).

M Weston resigned on 17 May 2006 and received £32,000 as compensation for loss of office. Additionally he was granted 250,000 share options which have been attributed a fair value of £16,173.

John Vergopoulos is paid via JV Associates Ltd, a private service company. There were no amounts owing to this company at year end.

There were no pension benefits accruing to directors in either the current or preceding year.

No director exercised any share options during the year. Detail of directors' shareholdings can be found in the Directors' Report.

	Year ended 28 February 2007 £	Period ended 28 February 2006 £
Directors' fees and emoluments	253,198	54,657
Wages and salaries–staff costs	26,949	1,677
Social security costs	14,220	3,317
	294,367	59,651

The average number of employees (including executive directors) employed by the Group and Company during the year was:

	Number	Number
Management and finance	5	2

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

5 Taxation

No current or deferred tax charge has arisen in the current year.

The company and the group have incurred tax losses for the year and a corporation tax charge is not anticipated. The potential benefit of these taxation losses calculated at the rates of tax prevailing in the countries in which the losses were incurred amount to approximately £323,463. This amount 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 reasonably foreseen.

The directors believe that there have been no breaches of foreign tax regulations and that all necessary provisions have been made in these accounts.

The tax assessed for the year is different than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 28 February 2007	Period ended 28 February 2006 As restated
	£	£
Loss on ordinary activities before taxation	1,273,325	1,400,186
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006: 19%)	(381,998)	(266,035)
Effects of:		
Expenses not deductible for tax purposes	58,535	242,761
Unutilised tax losses	323,463	23,274
Current tax charge		–

6 Loss per ordinary share

The calculation of loss per share of 0.87 pence (2006: 3.25 pence) is based on the loss for the year of £1,043,449 (2006: £1,400,186) and on the weighted average number of shares in issue during the year of 120,241,025 (2006: 43,044,664).

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. Details of share options are disclosed in Note 13.

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

7 Intangible assets

Group	Goodwill
	£
Cost	
At 1 March 2006	–
Additions	5,624,989
At 28 February 2007	5,624,989
Amortisation	
At 1 March 2006	–
Charge for the year	140,625
At 28 February 2007	140,625
Net book value	
At 28 February 2007	5,484,364
At 28 February 2006	–

The Directors note that the value of goodwill and related investment in the subsidiary company (note 9) is dependent on the successful conclusion of agreements by the subsidiary company African LNG. As discussed in the section on principal risks and uncertainties within the directors report on page 6 there are a number of issues connected to the successful conclusion of these agreements.

8 Tangible fixed assets

	Office equipment	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 March 2006	4,110	–	4,110
Additions	39,534	88,784	128,318
At 28 February 2007	43,644	88,784	132,428
Depreciation			
At 1 March 2006	–	–	–
Charge for the year	2,759	–	2,759
At 28 February 2007	2,759	–	2,759
Net book value			
At 28 February 2007	40,885	88,784	129,669
At 28 February 2006	4,110	–	4,110

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

9 Fixed asset investments

Company	Investment in subsidiary undertakings	
	2007	2006
	£	£
Cost	6,090,400	–
Impairment	–	–
At 28 February 2007	6,090,400	–

The Company had the following subsidiary undertaking at the end of the year which has been included in the consolidated financial statements:

	Percentage interest	Country of incorporation	Activity
African LNG Holdings Ltd	20	The Republic of Seychelles	LNG operations

The company acquired a 20 % shareholding in African LNG Holdings Ltd on 22 August 2006, a business whose strategic intention is to become the premier independent LNG company in the Gulf of Guinea. The company retains an option, at its discretion, to acquire the remaining 80% of African LNG Holdings Ltd which expires on 24 December 2007 for a consideration based on the market value of the shareholding being acquired discounted by 25%.

The existence of this option has been deemed to give the Company control over African LNG and hence the 20% interest has been treated as a subsidiary.

Gasol acquired the shareholding in African LNG for a consideration that comprised £1 million in cash, 25 million ordinary shares in Gasol, a contribution to the working capital of African LNG of £600,000 and the option to acquire a further 30 million ordinary shares in the Company at 20p per ordinary share.

Net assets acquired:	£
Sundry debtors	24,575
Cash	8,995
Sundry creditors	(25,159)
Loan	(143,000)
	(134,589)
Goodwill	5,624,989
	5,490,400
Satisfied by:	£
Cash	1,000,000
Ordinary shares issued	3,750,000
Ordinary share options (note 14)	740,400
	5,490,400

The £740,400 ordinary share options element of the consideration represents the fair value of the 30,000,000 20p options disclosed in note 13.

Additionally a £600,000 working capital contribution has been contracted to be paid to African LNG. At the year end £300,000 of this has been paid.

Retained losses to the date of acquisition of the interest in African LNG were £134,689.

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

10 Debtors: amounts falling due within one year

	Group Year ended 28 February 2007 £	Group Period ended 28 February 2006 £	Company Year ended 28 February 2007 £	Company Period ended 28 February 2006 £
Other debtors	92,150	–	52,208	–
Prepayments and accrued income	30,028	17,001	30,028	17,001
	122,178	17,001	82,236	17,001

No amounts are falling due after more than one year.

11 Creditors

Amounts falling due within one year:

	Group Year ended 28 February 2007 £	Group Period ended 28 February 2006 £	Company Year ended 28 February 2007 £	Company Period ended 28 February 2006 £
Bank overdraft	7,723	–	7,723	–
Trade creditors	68,191	16,264	51,812	16,264
Accruals and deferred income	87,036	60,542	371,521	60,542
	162,950	76,806	431,056	76,806

Amounts falling due after more than one year:

	Group Year ended 28 February 2007 £	Group Period ended 28 February 2006 £	Company Year ended 28 February 2007 £	Company Period ended 28 February 2006 £
Zero interest convertible loan note	–	630,000	–	630,000
Loan due to related party (note 19)	144,157	–	–	–
	144,157	630,000	–	630,000

The convertible un-secured loan notes were issued on 31 January 2006. No interest was payable on the loan notes. Each holder was entitled to convert the whole of his holdings into 20 ordinary shares of 0.5 p each for every £1 of nominal loan stock held. The loan notes can be converted from 31 January 2006 to 30 January 2011 or upon completion of a qualifying transaction.

On 8 December 2006 all of the loan notes were converted resulting in the issue of 12,600,000 ordinary shares of 0.5p at the conversion price of 5p per share.

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

12 Share capital

	2007 Number	2006 Number	2007 £	2006 £
Authorised				
Ordinary shares of 0.5p each	400,000,000	400,000,000	2,000,000	2,000,000
Allotted, issued and fully paid				
Ordinary shares of 0.5p each	155,766,666	91,500,000	778,833	457,500

On 1 September 2006, 16,666,666 ordinary shares of 0.5p were issued at a premium of 14.5 pence for cash. Total consideration gross of costs was £2,500,000.

On 1 September 2006, 10,000,000 ordinary shares of 0.5p were allotted at 5 pence per share to Afren plc on the exercise of share options. Total consideration was £500,000.

On 1 September 2006, 25,000,000 ordinary shares of 0.5p were issued at placing price of 15 pence per share as part consideration to acquire 20% of African LNG Holdings Ltd.

On 8 December 2006, 12,600,000 ordinary shares of 0.5p were allotted following the conversion of loan notes of £630,000 issued on 31 January 2006 at the previously agreed conversion price of 5 pence per share.

Options held by directors are detailed in the Directors' Report.

13 Share options

In addition to the Directors' interests, the following share options have been granted:

	Options at 28 February 2007	Exercise Price	Date of grant	First date of exercise	Final date of exercise
Afren plc Jefferies International Ltd	10,000,000	5p	31/01/2006	31/01/2006	31/01/2009
Ocean Venture Investment Limited	8,000,000	5p	31/01/2006	31/01/2006	31/01/2009
Synergy Gas Capital Partners Limited	2,000,000	5p	31/01/2006	31/01/2006	31/01/2009
Michael Weston*	10,000,000	10p	31/01/2006	31/01/2006	31/01/2009
African Gas Development Corporation Limited*	250,000	5p	17/05/2006	17/05/2006	17/05/2009
	30,000,000	20p	22/08/2006	22/08/2006	22/08/2009

*These options were granted during the year.

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

13 Share options (continued)

The following options over ordinary shares have been granted and remained outstanding at 28 February 2007.

Exercise price	Outstanding at 1 March 2006	Granted during year	Exercised during year	Outstanding at 28 February 2007	Final exercise date
5p	20,200,000	–	(10,000,000)	10,200,000	31/01/2009
5p	–	250,000	–	250,000	17/05/2009
10p	10,000,000	–	–	10,000,000	31/01/2009
15p	–	1,000,000	–	1,000,000	25/08/2009
20p	–	30,000,000	–	30,000,000	22/08/2009
	30,200,000	31,250,000	(10,000,000)	51,450,000	

No share options were forfeited during the year.

Options and warrants held by directors are disclosed in the report of the directors on pages 6 to 7.

On 1 September 2006 Afren plc exercised options over 10,000,000 shares.

All options had vested and were exercisable at year end.

Ordinary shares resulting from the exercise of any such rights will rank pari passu in all respects with the ordinary shares in issue at the time of such exercise.

The market price of shares at 28 February 2007 was 7.25 pence (2006: 13.50 pence). The range during the financial year was 5.56 pence to 13.50 pence.

14 Share based payments

Share options granted during the year are outlined within note 13. In addition, part of the acquisition consideration for the Company's 20% interest in African LNG comprised ordinary shares issued, details of this have been disclosed within note 9.

The following illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2007 Number	2007 WAEP pence	2006 Number	2006 WAEP pence
Outstanding at beginning of year	30,200,000	6.66	–	–
Granted during the year	31,250,000	19.72	30,200,000	6.66
Exercised	(10,000,000)	5.0	–	–
Outstanding at end of year	51,450,000	14.91	30,200,000	6.66
Exercisable at end of year	51,450,000	14.91	30,200,000	6.66

The weighted fair value per option granted during the year was 2.53 pence.

The weighted average remaining contractual life of the options outstanding at year end was 2.27 years.

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

14 Share based payments (continued)

The following table lists the inputs to the model used for the year ended 28 February 2007.

	2007	2006
Option pricing model used	Black-Scholes	–
Weighted average share price at grant date (pence)	10.40	–
Weighted average exercise price	14.91	–
Weighted average contractual life (year)	3	–
Weighted average share price volatility (%)	60%	–
Weighted average dividend yield	0%	–
Weighted average risk-free interest rate (%)	5.5%	–

In forming the volatility assumptions the Directors have considered the volatility of the share price since the date of listing. The volatility of companies operating in the same sector has also been reviewed. Based on these factors the volatility assumption has been assessed at 60%.

The total share based payment expense for the year was £48,733 (2006: £1,277,692) and no share based payment liability existed at year end (2006: £nil). All share based payments are equity settled.

15 Reserves

Group	Share premium £	Profit and loss account £	Total £
At 1 March 2006	3,327,915	(122,494)	3,205,421
Issue of 16,666,666 shares at a premium of 14.5 pence per share	2,416,667	–	2,416,667
Issue of 25,000,000 shares at a premium of 14.5 pence per share	3,625,000	–	3,625,000
Issue of 10,000,000 shares at a premium of 4.5 pence per share	450,000	–	450,000
Issue of 12,600,000 shares at a premium of 4.5 pence per share	567,000	–	567,000
Issue costs	(122,589)	–	(122,589)
Loss for the year	–	(1,043,449)	(1,043,449)
Share based payments	–	789,133	789,133
At 28 February 2007	10,263,993	(376,810)	9,887,183
Company			
At 1 March 2006	3,327,915	(122,494)	3,205,421
Issue of 16,666,666 shares at a premium of 14.5 pence per share	2,416,667	–	2,416,667
Issue of 25,000,000 shares at a premium of 14.5 pence per share	3,625,000	–	3,625,000
Issue of 10,000,000 shares at a premium of 4.5 pence per share	450,000	–	450,000
Issue of 12,600,000 shares at a premium of 4.5 pence per share	567,000	–	567,000
Issue costs	(122,589)	–	(122,589)
Loss for the year	–	(845,355)	(845,355)
Share based payments	–	789,133	789,133
At 28 February 2007	10,263,993	(178,716)	10,085,277

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

16 Reconciliation of movements in group shareholders' funds	Group Year ended 28 February 2007 £	Group Period ended 28 February 2006 As restated £	Company Year ended 28 February 2007 £	Company Period ended 28 February 2006 As restated £
Loss for the year	(1,043,449)	(1,400,186)	(845,355)	(1,400,186)
New equity share capital subscribed	321,333	457,500	321,333	457,500
Premium on new share capital subscribed	6,936,078	3,327,915	6,936,078	3,327,915
Share based payments	789,133	1,277,692	789,133	1,277,692
Addition to shareholders' funds	7,003,095	3,662,921	7,201,189	3,662,921
Opening shareholders' funds	3,662,921	–	3,662,921	–
Closing shareholders' funds	10,666,016	3,662,921	10,864,110	3,662,921

17 Financial instruments

The Group uses financial instruments, other than derivatives, comprising cash at bank and various items such as sundry debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. As a matter of policy the Group does not trade in financial instruments, nor does it enter into any derivative transactions.

The main risks arising from the Group's financial instruments are liquidity risk, currency risk, and interest rate risk.

Liquidity risk

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to cash at bank. Cash is held either on current or on short term deposits at floating rates of interest determined by the relevant bank's prevailing base rate. The company seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits.

Borrowing facilities and interest rate risk

The Group has financed its operations through the issue of equity share capital and convertible loan notes. The group earned interest on its cash assets at rates between 0% and 5% (2006: 0% and 5%). The convertible loan notes had a fixed interest rate of 0%.

Loans to subsidiary undertakings from African Gas Development Corporation Ltd fall due for repayment after more than one year. No interest is charged and the balance outstanding at year end was £144,157.

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2007

17 Financial instruments (continued)	Cash at bank and in hand	2007	2006
		£	£
	Floating interest rate	5,007,036	4,348,616
	Convertible loan note		
		2007	2006
		£	£
	Convertible loan notes 0% interest rate	–	630,000

Fair values

The fair values of the Group's financial instruments are considered not materially different to the book value.

Credit risk

The Group's credit risk is primarily attributable to the cash held on deposit at financial institutions. It is the Group's policy to only use recognised financial institutions for these deposits.

18 Contingent liabilities and financial commitments

(a) Capital commitments

The company has capital commitments of £320,000 as at 28 February 2007.

(b) Contingent liabilities

The company has guaranteed rental commitments by issuing a bank guarantee in respect of the leased office premises for £106,925 valid until 30 April 2017.

19 Related party transactions

As at 28 February 2007 the subsidiary, African LNG Holdings Ltd ("AflNG") had an outstanding loan balance of £144,157 to African Gas Development Corporation Ltd ("Afgas"), the remaining 80% owner of AflNG.

20 Post balance sheet events

On 5 March 2007 the Company acquired 75% of the equity of Afgas Infrastructure Limited, a project company established to support the gas infrastructure-related activities in the Gulf of Guinea region of African Gas Development Corporation, for a cash consideration of £400,000.

African Gas Development Corporation recently announced a joint venture with Sociedad Nacional de Gas, G.E.

Afgas Infrastructure Limited, a subsidiary of African Gas Development Corporation, will participate in the development of gas-gathering and processing systems in the Gulf of Guinea, including the design, financing, construction, operation and maintenance of relevant infrastructure.

On 3 July 2007 the Board of Gasol announced the appointment of Soumo Bose as Chief Executive of the Company. The Board also announced the appointments of Paul Biggs and Charles Osezua as Non-Executive Directors of the Company and Dr Rilwanu Lukman as a Strategic Advisor to the Board. The reinforced management team led by Soumo Bose combines a track record of unparalleled LNG experience with a strong African oil and gas focus.

The Board of Gasol also accepted the resignations of Angus Robertson and John Vergopoulos as Non-Executive Directors of the Board, both of whom were instrumental in Gasol's early development. Upon Soumo Bose joining the Board in September 2007 as Chief Executive, Haresh Kanabar, the current Chief Executive, will continue as a Director.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an ANNUAL GENERAL MEETING of the shareholders of the company will be held at 15 Bloomsbury Square, London WC1A 2LS at 9.00 am on 30 September 2007 for the following purposes:

Ordinary Business

1. to receive the Directors' Report and Accounts for the year ended 28 February 2007 and the Auditor's Report thereon;
2. to re-appoint as a director Paul Biggs, who has been appointed since the last AGM;
3. to re-appoint as a director Charles Osezua, who has been appointed since the last AGM;
4. to re-appoint as a director Osman Shahenshah, who retires in accordance with the Articles of Association;
5. to re-appoint BDO Stoy Hayward LLP of 11-15 Cross Street, Manchester M2 1WE as the Auditors of the Company and to authorise the directors to fix their remuneration.

Special Business

Ordinary resolution

6. That the directors be and they are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (Act) to exercise all powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £3,000,000 provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire on the date of the next Annual General Meeting of the Company or the period of 15 months after the date of the passing of this, whichever is the earlier, but the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this has expired. This authority is in substitution for all previous authorities conferred upon the directors pursuant to section 80 of the Act, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

Notice of Annual General Meeting

CONTINUED

Special Resolution

7. That subject to the passing of Resolution 6 above the directors be and they are empowered pursuant to section 95 of the Companies Act 1985 (Act) to allot equity securities (within the meaning of section 94(2) to section 93(3A) of the Act) wholly for cash pursuant to the authority conferred on them to allot relevant securities (as defined in section 80 of the Act) by Resolution 6 above as if section 89(1) of the Act did not apply to any such allotment, provided that such powers shall be limited to the allotment of equity securities:
- (i) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - (ii) otherwise than pursuant to sub-paragraph (i) above up to an aggregate nominal value of £3,000,000

provided that this authority shall, unless renewed, varied or revoked, expire on the date of the next Annual General Meeting of the Company or the period of 15 months after the date of the passing of this Resolution, whichever is the earlier, but 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 any such offer or agreement notwithstanding that the power conferred by this has expired.

By Order of the Board

Haresh Kanabar
Director

Registered Office:
15 Bloomsbury Square
London WC1A 2LS

Dated: 31 August 2007

Note

A member who is entitled to attend and vote at the above meeting may appoint one or more proxies (who need not be members of the Company) to attend and vote instead of him. A form of proxy is attached.

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Form of Proxy

FOR USE AT THE ANNUAL GENERAL MEETING

I/We _____
of _____

hereby appoint the Chairman of the Meeting or (Name) _____
as my/our proxy to attend and, on a poll, to vote in respect of the shares registered in my/our name(s) at the Extraordinary General Meeting of Gasol PLC to be held at 15 Bloomsbury Square, London WC1A 2LS at 9.00 am on 30 September 2007 and at any adjournment thereof.

	For	Against
1. To receive the Report and Accounts	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint Paul Biggs	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Charles Osezua	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Osman Shahenshah	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint BDO Stoy Hayward LLP as Auditors and to authorise the directors to agree their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6. That the directors be and they are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (Act) to exercise all powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £3,000,000 provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire on the date of the next Annual General Meeting of the Company or the period of 15 months after the date of the passing of this, whichever is the earlier, but the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this has expired. This authority is in substitution for all previous authorities conferred upon the directors pursuant to section 80 of the Act, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.	<input type="checkbox"/>	<input type="checkbox"/>
7. That subject to the passing of Resolution 6 above the directors be and they are empowered pursuant to section 95 of the Companies Act 1985 (Act) to allot equity securities (within the meaning of section 94(2) to section 93(3A) of the Act) wholly for cash pursuant to the authority conferred on them to allot relevant securities (as defined in section 80 of the Act) by Resolution 6 above as if section 89(1) of the Act did not apply to any such allotment, provided that such powers shall be limited to the allotment of equity securities:	<input type="checkbox"/>	<input type="checkbox"/>
(i) in connection with an offer of such securities by way of rights to holders or ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and		
(ii) otherwise than pursuant to sub-paragraph (i) above up to an aggregate nominal value of £3,000,000		
provided that this authority shall, unless renewed, varied or revoked, expire on the date of the next Annual General Meeting of the Company or the period of 15 months after the date of the passing of this Resolution, whichever is the earlier, but 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 any such offer or agreement notwithstanding that the power conferred by this has expired.		

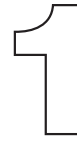
Notes on completion:

- Please indicate with an "X" how you wish your vote to be cast. If you do not indicate how you wish your Proxy to use your vote on any particular matter the Proxy will exercise discretion as to how to vote or whether to abstain from voting. A proxy can vote only on a poll.
- You may appoint any person, whether or not a member of the Company, as your Proxy, but in default of a specific appointment the Chairman of the Meeting will act as your Proxy.
- In the case of a Corporation, the Form of Proxy must be executed either as a Deed or under the hand of an authorised officer or attorney.
- In the case of joint holders, only one need sign. The vote of the senior holder who tenders a vote will alone be counted, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
- To be valid the Form of Proxy must be completed, signed and deposited at the Registrar's offices at (Neville Registrars Limited), Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA not later than 48 hours before the time appointed for holding the Meeting.



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BUSINESS REPLY SERVICE
Licence No. BM3865



FIRST FOLD

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3BR

SECOND FOLD

