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GTL Resources plc

Annual report and financial statements 2007

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Expansion of the IRE plant to 100 million gallons production per annum is expected to begin in Q3 2007.

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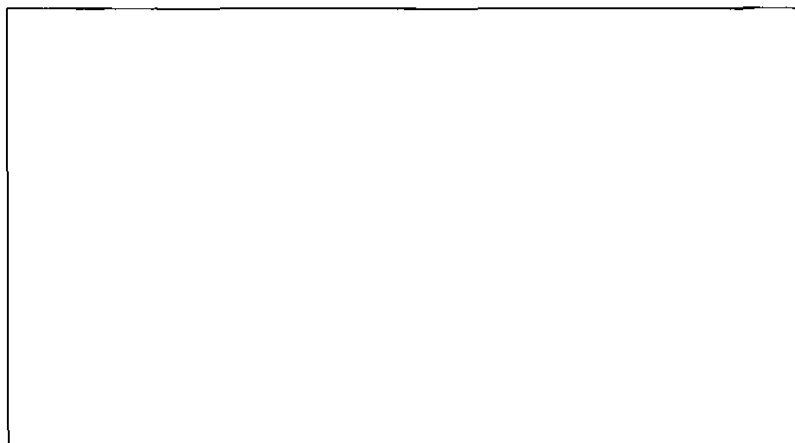
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Highlights of the year

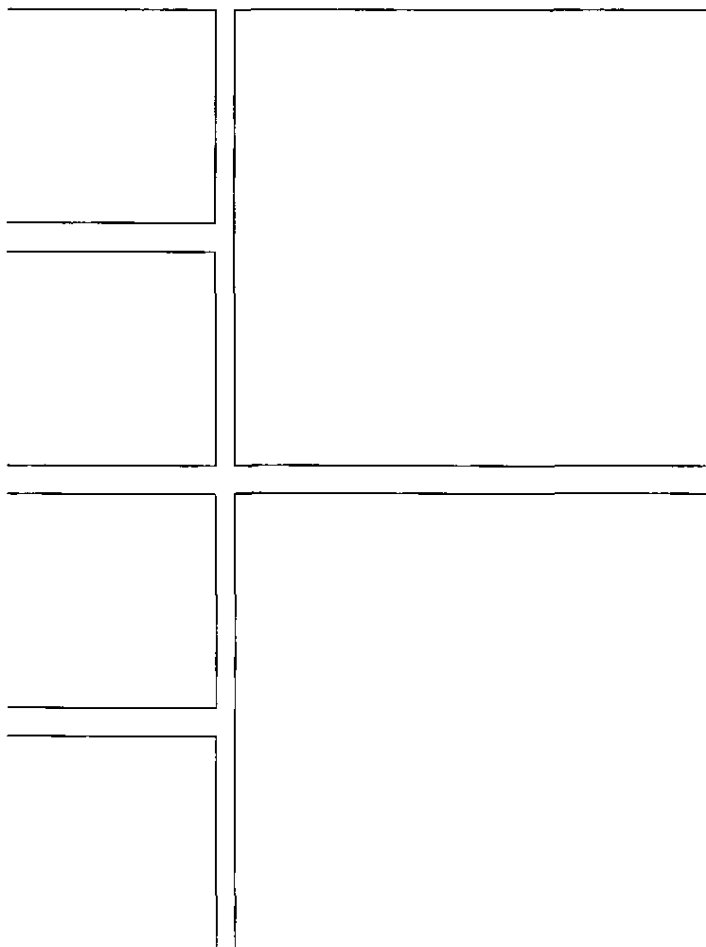
Operational highlights

- Rochelle ethanol plant commences operations on time and to budget.
- Plant acceptance tests passed 16 January 2007
- Chicago office opened by Group's US holding company, GTL Resources USA, Inc. and US CEO recruited
- Plant produces at over 110% of nameplate April-June 2007.
- Successful equity and debt fundraising for expansion to 100 million gallons per annum at Rochelle July 2007.



Chairman's statement

The past year has been one in which significant corporate milestones have been passed.



In December our first production plant started up on time and to budget following successful project management over the prior 16 months

A well trained operations team has since delivered ethanol production above expectations with rates averaging over 90% during the plants first 3 months operations and over 110% in the next three

In addition the business has demonstrated an ability to implement risk management policies in order to manage volatile commodity prices, whilst also taking advantage of our strategic site location in order to maximise returns

Our ability to develop our US interests has been enhanced by the appointment of a CEO of our US operations and the opening of a Chicago office

Post year-end we have raised £13 million (before expenses) of equity and \$170 million of debt in a successful fundraising for the doubling of the Rochelle site nameplate capacity to 100 million gallons per annum as well as the refinancing of our existing debt. This refinancing includes an innovative tax exempt junior debt element which the Group has secured following significant assistance from the State of Illinois

In delivering successful outcomes across this broad range of objectives, significant obstacles have been overcome and this is in large part attributable to the Group's recruitment of relevantly qualified, motivated staff, as well as the development of key relationships with leading counterparties in the US ethanol industry

Strong industry fundamentals continue to support the growth of ethanol in the US, including strong bi-partisan political support

We look forward to building on this promising start by seeking to deliver an equally successful expansion project, whilst optimising the existing plant operations

Peter Middleton

Chairman

3 August, 2007

Business and financial review

In late December 2006 the Group commenced production of ethanol and its co-product, dried distillers grains, DDGS, through its principal operating asset, the Rochelle Plant.

The past year includes three months of revenue generation following an on time and to budget plant start up in late December 2006

The year has seen key achievements in both the Group's ethanol business as well a continuation in the rapid development of the US ethanol industry

Ethanol is a high octane fuel which is used primarily as a gasoline additive and extender. The virtual elimination from the market in May – June 2006 of the main competing oxygenate MTBE due to its environmental problems, and high oil prices have continued to increase the demand for ethanol and the US interest in this renewable fuel

Ethanol is considered by many in the US to have a significant contribution to make to important national policy goals. Energy security is a growing concern in the US, as the US economy continues to be highly dependent on sources of energy imported from politically unstable or hostile countries. Domestically produced ethanol is considered to contribute to US energy security as it is an effective substitute for products based on such imported sources of energy, notably gasoline. As an illustration of concern in the US about energy security and the need to reduce reliance on imported sources of energy, President Bush's 2007 State of the Union Address proposed an ambition to reduce gasoline usage in the US by 20 per cent over 10 years.

The ethanol industry continues to enjoy strong bi-partisan support with numerous bills recently introduced in Congress by members of both the Democratic and Republican parties. Provisions of these bills include proposals to stimulate growth in the ethanol industry through financial incentives, funding for research and development, infrastructure improvements, as well as an increase in the Renewable Fuels Standard and a nation-wide ethanol blending requirement.

The Senate has recently approved an increase in the RFS (as part of the 2007 Energy bill) in steps to 15 billion gallons pa by 2015. Should the bill be signed into law, which we believe to be a reasonable expectation given the bi-partisan support for this type of legislation this is expected to provide significant support for growth from the current production levels of around 6 billion gallons pa.

In late December 2006 the Group commenced production of ethanol and its co-product, dried distillers grains (DDGS), through its principal operating asset, the Rochelle Plant.

This plant was completed on time and to budget and is located on an 81 acre site around 70 miles west of Chicago.

The plant has operated well with April to June 2007 annualised production rates averaging significantly over 110 per cent of the nameplate 50 million gallons per annum (mgpa).

In addition the Group's policy of seeking to manage commodity risks has led to greater margins than those offered by the spot market.

Furthermore the anticipated advantages of the site's location have been borne out with the Group being able to place over 75% of its first 3 months ethanol production in its target Chicago market where it enjoys significant freight advantages. This figure has risen to over 90% in the Plant's second quarter of operations.

The Plant's output is measured against nameplate production capacity of 50 mgpa. During the first three months of operations, the Plant operated at an average production capacity of 47 mgpa which was above the planned 45 mgpa. During April and May 2007, the Plant operated at an average production capacity of over 55 mgpa and the rates for June and July show further increases largely due to operational experience. The existing permits for the Plant limit annual production to a maximum of 60 million gallons.

Financials

In the year to 31 March, 2007 the Group reported a loss before tax of \$1.6 million. However this result included only 3 months of revenue from the plant's early operations. Despite this limited output period at the EBITDA level (Group operating loss with depreciation added back) a profit for the full year of \$0.1 million was achieved.

Business and financial review (continued)

The Rochelle Plant is currently ranked (in a competitive analysis report commissioned by the Company for the purpose of raising Senior Debt) as the most competitive supplier to the Chicago market in terms of operating costs.

Financials (continued)

Turnover for the year was \$24.2 million and represents just three months of operations and at a time when the Plant was at its initial stages of production.

Turnover is split between revenue from ethanol and DDGS sales. A volume of 10.8 million gallons of ethanol was sold at an average selling price of \$1.96, resulting in revenues of \$21.2 million (87.6 per cent of turnover). Thirty thousand tons of DDGS was sold at an average selling price of \$100 per ton, resulting in revenues of \$3.0 million.

Despite production being constrained by a suitably cautious and safety conscious build up, production rates for January to March exceeded the planned 90% nameplate. Significantly the second quarter's production rates were increased to over 110% of nameplate across the quarter.

The cost of sales represents the total variable costs of the Plant plus fixed operating expenses and was \$18.5 million, with the major cost being corn. During the three month period of operations 3.9 million bushels of corn were used in the production process, at an average purchase price of \$3.13, costing \$12.2 million.

Control over Group fixed costs continued to be exercised and increases were restricted to IRE's expanding activities. Administrative expenses for the year were \$6.8 million with the increase from previous years due to the inclusion of a full year's worth of charges from IRE of \$3.6 million. Corporate administrative expenses fell for a second successive year to \$3.2 million.

Interest receivable for the year was \$0.4 million. During June 2006, IRE started to draw down the debt facility provided by CoBank to fund the project expenditure which resulted in a decrease in interest receivable compared to the previous financial year. The cash balance at the end of the period was \$6.2 million.

During the year cash from the 2005 equity raising was used to fund the construction project until June when the debt drawdown commenced and the senior debt was sufficient to complete the project and fund working capital requirements.

Current trading and prospects

The Plant has run at over 110 per cent of nameplate since the start of the current financial year to date. For the first two months of the current financial year unaudited IRE only management accounts show EBITDA of \$5.5m representing approximately 56 cents per gallon.

Current ethanol prices remain strong largely due to high oil prices and whilst corn prices are volatile with recent peaks at over \$4 per bushel, the Group is substantially protected against such levels throughout the current calendar year. The Directors are encouraged by a strong start to the 2007/8 financial year – advance sales of over 75 per cent of nameplate ethanol production have been secured for July-December 2007 and futures and options positions are in place covering substantially all of the corn requirements for the same period.

The ethanol market is considered to be an attractive market in which to operate, particularly in the light of the strong bi-partisan support to encourage domestically produced ethanol as an alternative to imported energy sources, which has contributed to strong regulatory support for US domestic ethanol production. The US ethanol industry has grown strongly in recent years, with annual production capacity increasing from a rate of 1.7 billion gallons in January 1999 to a rate of 5.8 billion gallons in April 2007.

Business and financial review (continued)

As an illustration of the strong political support for ethanol, the US Senate voted on 21 June 2007 in favour of an increase in the Renewable Fuels Standard which, if signed into law, would require mandated minimum renewable fuel consumption of at least 8.5 billion gallons by the end of 2008, at least 10.5 billion gallons by the end of 2009, increasing up to 15 billion gallons by 2015 and to 36 billion gallons by 2022. The Directors believe that corn-based ethanol is likely to be the major beneficiary of this legislation, if implemented, up to 2015.

The ethanol industry currently benefits from political support in the US, as part of the general objective of reducing consumption of and reliance on carbon-based fossil fuels. There is a plentiful supply of corn, with USDA figures reporting US acreage under corn in 2007 at 90 million acres compared to 78 million acres in 2006 and progressively increasing corn yields.

The Rochelle Plant is currently ranked (in a competitive analysis report commissioned by the Company for the purpose of raising Senior Debt) as the most competitive supplier to the Chicago market in terms of operating costs. Within 100 miles of IRE's site there are more than 80 ethanol-blending terminals. IRE currently enjoys low ethanol freight rates by delivering more than 75 per cent of its ethanol production by truck to the local Chicago market at a cost of around \$0.06 per gallon. Producers having rail based sales typically pay \$0.08 to \$0.19 per gallon for transport plus monthly railcar leases costing around \$800 per railcar. Furthermore, the east coast is likely to be one of the most attractive extended markets for the Rochelle Plant, with demand expected to reach 2.4 billion gallons per annum by 2009 due to favourable ethanol blending economics. The Rochelle Plant was ranked as currently number 4 and was projected to remain within the top 25 per cent of potential suppliers to the east coast market. In addition, the Rochelle Plant is located adjacent to Union Pacific (UP) and Burlington Northern Santa Fe ("BNSF") railroads, which gives IRE access to more distant markets for its ethanol sales.

In relation to DDGS, the Rochelle Plant enjoys a considerable advantage due to its having container loading facilities and its location near two container terminals. These characteristics allow IRE to avoid truck to container intermodal handling fees, as well as to realise greatly reduced freight rates by shipping DDGS to Asia in containers that would otherwise return empty to that region. Furthermore, IRE forgoes the costs associated

with leasing railcars for DDGS. The Directors believe that this competitive advantage of around \$20 per ton will be a sustainable advantage as the majority of ethanol plants are, and are expected to remain, far from container terminals.

Business Risks and Uncertainties

Following commencement of production at the Plant and as a result of the expansion of the Plant, the Directors believe that the key operational factors in the future which will be relevant to the Group's results will include

- **Plant output,**
Plant output is a key operational factor affecting the Group's results with nameplate capacity of 50 mgpa based upon 353 days of operations per annum. Key performance indicators will include the number of days offline (nameplate 12 days) during the year and the production rate achieved during the time online.
- **Ethanol and corn supply and demand,**
Ethanol supply and demand are likely to be major factors in determining future ethanol prices. Ethanol demand is likely to be influenced by the strength of US political support for the development of biofuels in general and corn based ethanol in particular. This in turn may be influenced by US and Middle Eastern politics to the extent that they may impact upon oil prices and US oil security concerns.

Ethanol supply may be influenced by the profitability of existing ethanol plants as well as the cost of construction and availability of capital for new plants. In the longer term the rate at which newer technologies, including cellulose based ethanol, are introduced may also be relevant. The existence and continuation of US ethanol import tariffs may also be critical in restricting supply to largely US produced ethanol.

Corn supply is likely to be related to the acres of corn planted and the yield in bushels per acre. This year has seen a large increase in acres planted as, in response to high corn prices, some farmers have switched their crop rotations from corn-soybeans to corn-corn-soybeans. Supply is also likely to be influenced by seed technology developments which are expected to deliver increasing yields per acre.

Business and financial review (continued)

- **Ethanol, corn, DDGS and gas prices,**

The profitability of production is primarily driven by the ethanol sales price as well as the corn purchase price. Both of these prices can be expected to be driven by supply and demand.

Ethanol prices are affected by many factors but the gasoline price, which is in turn dependent upon the crude oil price, is expected to continue to be a major driver. Ethanol has historically been priced at a premium to gasoline due to the existence of a 51 cents per gallon tax credit on ethanol blended into gasoline. This premium of ethanol over gasoline has however been volatile and has ranged from brief discounts to spot peaks in excess of 200 cents. The continued existence of this tax credit which is currently scheduled to expire in 2010 is expected to remain a key factor in the relationship between gasoline and ethanol prices.

Corn prices are also governed by many factors but principally by supply and demand. Corn prices can also be dependant upon both local and national factors. Demand for corn has seen a significant increase from US ethanol producers and this has led to significant price increases in early 2007. Should the rate of increase in demand from ethanol producers slow this may result in price falls. Should any increase in corn prices result in reduced animal feed demand or export demand then, again, this may impact upon prices.

DDGS prices are related to corn prices and again can have a significant impact upon profitability. Whilst US DDGS prices may be influenced by a growth in supply, it is expected that the Group's strategy of exporting to Asia may offer it net realisation advantages.

Gas prices typically exhibit seasonal variations related to higher winter demand but in the long term are expected to be broadly related to oil (and hence indirectly, ethanol) prices.

Both the ethanol margin over corn, and the ethanol margin over corn, DDGS and gas will be monitored as a key performance indicators ("KPIs").

- **Ethanol yield (gallons per bushel of corn),**

The amount of ethanol produced from each bushel of corn is an additional key factor affecting results of operations and is monitored as a KPI. The greater the amount of ethanol produced, the more profitable the Plant can be expected to be. This amount will depend upon a number of factors including good operational practices and the use of improved enzymes.

- **Variable production cost efficiencies including gas usage per gallon**

Whilst corn is the largest element of variable production costs, other variable production costs will also play an important role with gas usage per gallon (a monitored KPI) currently being the second highest element of variable costs. Also included within variable costs are electricity, denaturant, water and sundry utilities/chemicals.

- **A range of factors impacting upon the expansion of the Plant,**

The Group's ability to deliver the expansion project on time and to budget will play an important part in its success during the projected 21 month construction period as well as its financial results thereafter. The Group will be dependent on third parties, including Fagen (which delivered the existing Plant on time and to budget) with whom the Group has previously worked in relation to the completion of the expansion of the Plant. The expansion will also be dependent on many factors, including the delivery of key plant items in a timely manner and the availability of the necessary labour to complete the construction.

Whilst many other factors may also have significant impacts upon future operations, the Directors believe that the above points are likely to be amongst the most material.

Business and financial review (continued)

Expansion and Financing

The Group has recently successfully completed a fundraising for the expansion in the capacity of the Group's ethanol plant at Rochelle, Illinois from 50 mgpa to 100 mgpa

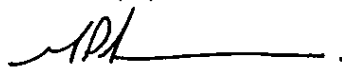
The fundraising comprised

- (1) A placing of new Ordinary Shares which raised £13 million before the deduction of expenses, at a price of £1.40,
- (2) the Senior Debt facility of US\$140 million (of which (i) \$130 million is in the form of a construction and term loan with a six-year amortisation after the two year construction period and (ii) \$10 million is in the form of a working capital financing facility) raised by IRE, and
- (3) Junior Debt of around US\$30 million raised through the issue by the Illinois Finance Authority of tax-exempt bonds in the US and lent on to IRE

This financing will be applied in funding the expansion of the Plant, in refinancing the existing Group debt (and associated financing arrangements) and providing working capital for the Group's existing and expanded operations and to provide reserves for construction and contingencies and to service debt

In addition to funding the expansion of the Plant, the Group has also, through this combination of debt and equity financing, recapitalised its balance sheet. This has been structured to take advantage of the existing Plant's cash generation and in order to optimise future returns on investment as well as to expand the Plant to 100 mgpa of ethanol production

The contract for the expansion ("Expansion Contract") has been entered into with Fagen Inc. Construction costs under the Expansion Contract for the expansion of the Plant are estimated at \$86.3 million. Additional owner's scope expenditure will be incurred, including additional corn storage (estimate \$5.2 million), additional railway sidings (estimate \$1.5 million), fire protection and water treatment (estimate \$1.0 million) and other items (estimate \$6.7 million). The total cost before financing and working capital is expected to be \$100.7 million. Construction costs of \$100.7 million approximate to \$2.02 per gallon. This is a number which the Directors believe to be in the range of construction costs to be expected for a project of this size and technology



Michael Brennan
Finance Director
3 August, 2007

Directors

Executive Directors

1 Peter Middleton *Chairman*

Peter Middleton, aged 67, is the former Chief Executive of Lloyds of London, Thomas Cook and Salomon Brothers. More recently, Peter has acted as chief advisor to the Nomura group. Peter Middleton is primarily responsible for GTL's investment strategy. Peter was appointed Chairman of GTL in September 2002.

2. Michael Brennan *Finance Director*

Michael Brennan, aged 47, prior to GTL qualified as a Chartered Accountant before working for 20 years in the Petrochemicals industry (with ICI and from 1996 Petroplus Refining Teesside Ltd, formerly Phillips-Imperial Petroleum Ltd). In 1999 he was appointed Chief Accountant of this refiner, marketer and distributor of hydrocarbon oils and in 2002 became Divisional Finance Director of the Petroplus Group Refining Division.

3 Richard Ruebe *Executive Director*

Richard Ruebe, aged 49, has nearly 30 years of general business experience in the USA, later in the managing of multi-site manufacturing operations. Prior to taking his position with GTL Resources plc, Richard was, between 2002 and 2006, the Chief Executive Officer and Vice President of operations of Hollinee LLC, a fibreglass and non wovens filter manufacturing company which had nine manufacturing facilities in the US and sales of \$100m. As its Chief Executive Officer, Richard successfully streamlined the manufacturing facilities, improved profitability and successfully arranged the sale of the business. Prior to this role, Richard spent seven years as vice president of operations and chief financial officer of Interlake Material Handling Inc, a company with sales of \$300m. In this role, Richard managed four plants and the construction of a Greenfield facility in Mexico. Previously, Richard worked for Boots Pharmaceuticals, part of Boots UK global business, between 1992 and 1995 and Zenith Electronics Inc between 1981 and 1992.

Non-Executive Directors

4 Graham Wickham

Graham Wickham, aged 64, has over 25 years' experience in the London financial markets, specialising in investment analysis and corporate finance. Graham joined what was Hoare Govett, now ABN Amro, in 1970 as an investment analyst and left in 1973 to join Williams de Broe. At Williams de Broe Graham worked on floating and financing small companies on the main market and on AIM. Graham has held a number of positions as non-executive director.

5 Michael Nobbs

Michael Nobbs, aged 57, has a thirty year track record in investment banking with a focus on corporate and project finance. He was a Managing Director and senior credit officer for Citigroup/Citibank and the Group Finance Director for Tishman International Companies, a major global real estate development and investment business. In his career, Michael has participated in many capital raisings, both debt and equity and in the areas of securitisation, initial public offerings, and corporate acquisitions. He has held positions in London, New York and Los Angeles. He is a Director of Sound Oil Plc and Ithaca Energy Plc, both AIM listed and Leeder Financial Services in the US.

6 Julia Henderson

Julia Henderson, aged 46, has 20 years' experience of advising UK quoted growth companies across a broad range of sectors. She left ANZ Merchant Bank in 1989 to become a founder member of Beeson Gregory Limited (now Evolution Securities). Having resigned from Beeson Gregory in 2001 she formed her own consultancy and acts as a consultant and independent adviser to private and quoted companies. Julia recently joined the Board of Alkane Energy plc.

General information

Company Secretary	Joanne Lavery Dickinson Dees Camden House Princes Wharf Stockton on Tees TS17 6QY
Registered Office	133 High Street Yarm, TS15 9BB Tel 01642 794000 Fax 01642 794001
Registered number	02811366
Auditors	KPMG Audit Plc Quayside House 110 Quayside Newcastle upon Tyne, NE1 3DX
Bankers	Yorkshire Bank Plc Tees Valley Area Business Centre Newport House Teesdale South Stockton on Tees, TS17 6SE
Registrars	Computershare Services Plc PO Box 82 The Pavilions Bridgwater Road Bristol, BS99 7NH
Solicitors	Norton Rose 3 More London Riverside London, SE1 2AQ
Nominated Advisors and Brokers	Nomad Morgan Stanley & Co International Plc Broker Morgan Stanley Securities Limited 25 Cabot Square Canary Wharf London, E14 4QA
Website address	www.gtlresources.com

Directors' report

The Directors present their annual report together with the financial statements for the year ended 31 March, 2007

Principal activities and business review

The Group's activities during the year were split between the construction, commissioning and subsequent operation of its Rochelle ethanol plant, and the evaluation of further ethanol projects including primarily the expansion of the Rochelle facility

Project management of the Rochelle project included not only the monitoring of the construction process but also the establishment of appropriate internal controls and the development of commercial relationships

A review of the business during the year and comments upon the future outlook and activities are contained in the Business and Financial Review on pages 3 to 7, which also addresses the requirements of the Enhanced Business Review

Results and proposed dividend

The loss for the year after taxation amounted to \$2,000,000 (2006 \$13,243,000 as restated for the adoption of FRS 20 Share based payments)

The Directors do not recommend the payment of a dividend (2006 nil per share)

Directors

The following have served as Directors during the financial year

P Middleton

M Brennan

R Ruebe (appointed 26 September 2006)

G Wickham

D de Lange (resigned 20 June, 2007)

M Nobbs

J Henderson

Mr G Wickham and Mr M Nobbs retire by rotation, in accordance with the Articles of Association and, being eligible, offer themselves for re-election

Directors' interests

The Directors who held office at the end of the financial year have the following interests in the ordinary shares of the Company according to the Register of Directors' interests

Directors	31 March, 2007	1 April 2006
P Middleton	42,500	42,500
M Brennan	4,000	4,000
D de Lange	20,000	20,000
J Henderson	12,000	12,000

Directors share options are disclosed in Note 4 to the financial statements

The mid market price of the ordinary shares of £1 each at 30 March, 2007 was £1.50

Directors' report (continued)

The mid market price of the ordinary shares of £1 each during the year ranged between £1.45 and £3.77

Directors' interest in transactions

There were no related party transactions during the year

Major shareholdings

At 31 March, 2007 the following interests of shareholders holding of 3% or more of the ordinary share capital, had been notified to the Company

	Ordinary share holding	%
LBPB Nominees Limited	2,361,846	10.40
Apollo Nominees Ltd	1,571,476	6.92
Vicados Nominees Ltd	1,520,507	6.70
Chase Nominees Ltd	1,154,035	5.08
Credit Suisse Client Nominees (UK) Ltd	1,150,589	5.07
Chase Nominees Ltd	1,123,090	4.95
Barclayshare Nominees Ltd	832,717	3.67

At 31 March, 2007 the Directors were not aware of any other interests of 3% or more in the share capital of the Company

Policy and practice on payment of creditors

It is the Group's policy in respect of its suppliers, where reasonably practical, to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment and to abide by the terms of payment. Due to the nature of the Group's activities and consequently the nature of its trade creditors during the year under review, it is not meaningful to express the creditor payment period as a number of days.

Policy on financial instruments

The accounting treatment of financial instruments is set out in note 1 to the accounts with further disclosure provided in note 27.

Political and charitable contributions

During the year the Group made charitable donations of \$40,920. There were no political contributions.

Going Concern

The Directors have a reasonable expectation that both the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal Control

The Board has overall responsibility for the Group's system of internal control. However, such a system is designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement.

Corporate Governance

The Directors support the recommendations set out in Section 1 of the Combined Code prepared by the Committee on Corporate Governance. However the Company does not need to comply with the Code as it is not fully listed. Furthermore the Directors consider that it is not practical to comply fully with the Combined Code's recommendations due to the size and nature of the Group and the close involvement of all the Directors in the day-to-day activities of the business.

Directors' report (continued)

As an AIM listed company, the Directors' Remuneration Report Regulations 2002 are not applicable, and as such, a report on Directors' remuneration has not been prepared.

Further details of Directors' remuneration are detailed in Note 4 to the financial statements.

The Company operates with a remuneration committee and an audit committee. The remuneration committee comprises Michael Nobbs, Graham Wickham and Julia Henderson, and is chaired by Michael Nobbs. It reviews the scale and structure of the executive Director's remuneration and the term of their service contracts; the remuneration and terms and conditions of the non-executive Directors are set by the Board. No Director may participate in any meeting at which discussions or decisions regarding his/her own remuneration take place. The remuneration committee also administers the Company's share incentive schemes.

The audit committee comprises Graham Wickham, Michael Nobbs and Julia Henderson, and is chaired by Graham Wickham. It is responsible for ensuring that the financial performance of the Group is properly reported on and monitored and for reviewing the auditors' reports relating to the accounts and internal control systems.

The Board considers each of the non-executive Directors to be independent. Graham Wickham is the senior independent Director.

Annual General Meeting

The Annual General Meeting of the Company is to be held on or around 29 November, 2007. A separate notice of the meeting which details the resolutions to be proposed will be issued in due course.

Post Balance Sheet Events

On 24 July 2007 the Group successfully closed the equity and debt financings to fund the expansion of the Group's ethanol plant at Rochelle, Illinois.

9,286,000 new ordinary shares of £1.00 each of the Company were placed with institutional investors at a price of £1.40 per share to raise £13 million before the deduction of expenses and were admitted to trading on AIM on 24 July, 2007. Following admission the total issued share capital of the Company is 31,988,745 Ordinary Shares.

Also on 24 July, 2007 the Group closed on both a senior debt facility of \$US140 million raised by GTL's subsidiary Illinois River Energy LLC, and on a junior debt of \$US30 million raised by the issue of tax exempt bonds in the United States.

In accordance with its Expansion Contract with Fagen Inc., the Group has paid a mobilisation fee and given notice to proceed with the construction of the expansion in the nameplate capacity of the Group's ethanol plant from 50 mgpa to 100 mgpa.

Directors' report (continued)

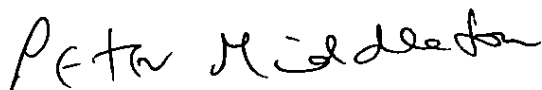
Disclosure of information to Auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he / she ought to have taken as a Director to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By Order of the Board



Peter Middleton

Chairman

3 August 2007

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group and the Parent Company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss for that period.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 Group and the Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of GTL Resources plc

We have audited the Group and Parent Company financial statements (the financial statements) of GTL Resources plc for the year ended 31 March, 2007 which comprise the Group profit and loss account, the Group and Company balance sheets, the Group cash flow statement, the Group and Company reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 14.

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the business and financial review that is cross-referred from the business review section of the Directors' Report.

In addition we 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 the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. 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.

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 financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 31 March, 2007 and of the Group's loss for the year then ended,
- 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.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

3 August, 2007

Newcastle upon Tyne

Consolidated profit and loss account

for the year ended 31 March 2007

	Note	2007		2006 (as restated)	
		\$000	\$000	\$000	\$000
Turnover	2		24,235		-
Cost of sales			(18,495)		-
Gross profit			5,740		-
Administrative expenses		(6,817)		(4,952)	
Exceptional administrative costs	6	-		(8,673)	
			(6,817)		(13,625)
Group operating loss	2-6		(1,077)		(13,625)
Other interest receivable and similar income	7		395		714
Interest payable and similar charges	8		(954)		(5)
Loss on ordinary activities before taxation	2-8		(1,636)		(12,916)
Tax on loss on ordinary activities	9		(168)		-
Loss on ordinary activities after taxation			(1,804)		(12,916)
Minority interests	20		(196)		(327)
Loss for the financial year	19		(2,000)		(13,243)
Basic loss per ordinary share (\$US)	10		(0.088)		(0.864)
Diluted loss per ordinary share (\$US)	10		(0.088)		(0.864)

There were no recognised gains or losses during the current and previous year other than those dealt with above

The Group's results for both the current and preceding financial year derive from continuing operations

The comparative figures have been restated for the effects of the adoption of FRS 20 Share based payments (note 26)

Consolidated balance sheet

at 31 March 2007

	Note	2007 \$000	2006 (as restated) \$000
Fixed assets			
Intangible assets	11	6,485	6,595
Tangible assets	12	69,430	24,771
		75,915	31,366
Current assets			
Stocks	14	3,797	-
Debtors	15	6,008	424
Cash at bank and in hand		6,236	19,936
		16,041	20,360
Creditors , amounts falling due within one year	16	(11,962)	(8,937)
Net current assets		4,079	11,423
Total assets less current liabilities		79,994	42,789
Creditors , amounts falling due after more than one year	17	(38,524)	-
Net assets		41,470	42,789
Capital and reserves			
Called up share capital	18	41,046	41,046
Share premium account	19	33,886	33,886
Special reserve	19	3,508	3,508
Profit and loss account	19	(41,703)	(40,190)
		36,737	38,250
Minority interests	20	4,733	4,539
Shareholders' funds		41,470	42,789

These financial statements were approved by the Board of Directors on 3 August, 2007 and were signed on its behalf by



M Brennan

Finance Director

Company balance sheet

at 31 March 2007

	Note	2007 \$000	2006 (as restated) \$000
Fixed assets			
Tangible assets	12	19	17
Investments	13	19,042	19,043
		19,061	19,060
Current assets			
Debtors	15	22,319	18,633
Cash at bank and in hand		2,570	5,830
		24,889	24,463
Creditors amounts falling due within one year	16	(1,006)	(888)
Net current assets		23,883	23,575
Net assets		42,944	42,635
Capital and reserves			
Called up share capital	18	41,046	41,046
Share premium account	19	33,886	33,886
Special reserve	19	3,508	3,508
Profit and loss account	19	(35,496)	(35,805)
Shareholders funds		42,944	42,635

These financial statements were approved by the Board of Directors on 3 August, 2007 and were signed on its behalf by



M Brennan

Finance Director

Consolidated cash flow statement

for the year ended 31 March 2007

	Note	2007 \$000	2006 (as restated) \$000
Reconciliation of operating loss to net cash flow from operating activities			
Operating loss		(1,077)	(13 625)
Depreciation		1,143	17
Amortisation		110	-
Exceptional costs - impairment of tangible fixed assets		-	3,366
Loss on disposal of fixed assets		-	2
(Increase) in stocks		(3,797)	-
(Increase)/decrease in debtors		(5,584)	5,072
(Decrease) in creditors		(4,524)	(5,047)
Charge in relation to share based payments		487	367
Net cash outflow from operating activities		(13,242)	(9,848)
CASH FLOW STATEMENT			
Net cash outflow from operating activities		(13,242)	(9 848)
Returns on investments and servicing of finance	24	(559)	709
Taxation	9	(168)	-
Capital expenditure	24	(42,007)	(15,549)
Acquisitions	24	-	1,544
Cash outflow before financing		(55,976)	(23 144)
Financing	24	42,276	41,239
(Decrease)/increase in cash in year		(13,700)	18,095
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
(Decrease)/increase in cash in year		(13,700)	18,095
Debt financing		(42,276)	-
Movement in net funds in the year		(55,976)	18,095
Net funds at beginning of year		19,936	1,841
Net (debt)/funds at end of year	25	(36,040)	19,936

Reconciliations of movements in shareholders' funds

for the year ended 31 March 2007

	2007 \$000	2006 (as restated) \$000
Group		
Loss for the financial year	(12,000)	(13,243)
Charge in relation to share based payments	487	367
New share capital subscribed (net of issue costs)	-	41,239
Net (reduction in) / addition to shareholders funds	(1,513)	28,363
Opening shareholders funds	38,250	9,887
Closing shareholders funds	36,737	38,250

	2007 \$000	2006 (as restated) \$000
Company		
Loss for the financial year	(178)	(10,149)
Charge in relation to share based payments	487	367
New share capital subscribed (net of issue costs)	-	41,239
Net addition to shareholders funds	309	31,457
Opening shareholders funds	42,635	11,178
Closing shareholders funds	42,944	42,635

Notes to the financial statements

for the year ended 31 March 2007

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS 20 Share based payments

The accounting policy under this new standard is set out below, together with an indication of the effects of its adoption

a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate given the successful start up of the plant

b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985, the Company is exempt from the requirement to present its own profit and loss account.

c) Goodwill

Purchased goodwill arising on consolidation in respect of acquisitions before 1 April, 1998 when FRS10 Goodwill and intangible assets was adopted was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given and associated costs over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 April, 1998 is capitalised.

The Group has adopted the policy as set out in the Statement of Recommended Practice (SORP) as issued by the Oil Industry Accounting Committee with regard to amortisation, whereby amortisation will normally apply with the commencement of production from such operating activities. Upon commencement of production, positive goodwill is amortised to nil by equal annual installments over its estimated useful life of 15 years.

On the subsequent disposal or termination of a business acquired since 1 April, 1998, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

In the Company's financial statements, investment in subsidiary undertakings is stated at cost less amounts written off

Notes to the financial statements (continued)

for the year ended 31 March 2007

d) Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Land Improvements	- 20 years
Buildings and Improvements	- 20 to 30 years
Leasehold property	- 3 years
Plant and equipment	- 7 to 15 years
Fixtures and Fittings	- 4 to 5 years
Computer equipment	- 2 to 4 years
Vehicles	- 5 years

No depreciation is provided on freehold land

e) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rate. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings

f) Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease

g) Post retirement benefits

The Company operates a Group personal pension plan for its UK employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

h) Research and development expenditure

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred

i) Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumable and goods purchased for resale the FIFO method is used. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

j) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

1 Accounting Policies *(continued)*

k) Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- i) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group, and
- ii) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as a part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

l) Turnover

Turnover represents the amounts derived from the provision of goods to third party customers. The Group's turnover derives from its principal activity which is carried out in the United States of America. All turnover is recognised when goods have been delivered.

m) Share based payments

The share option programme allows employees to acquire shares in the Company. The fair value of options granted after 7 November, 2002 and those not vested as at 1 April, 2006 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

n) Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Notes to the financial statements (continued)

for the year ended 31 March 2007

2 Segmental reporting

The table below sets out information for each of the Group's geographical areas of operation for the year ended 31 March 2007. The Directors do not consider segmental reporting to be appropriate prior to the construction of the plant.

	USA \$000	UK \$000	Total \$000
Turnover	24,235	-	24,235
Gross profit	5,740	-	5,740
Operating (loss)/profit	992	(2,069)	(1,077)
Loss for the financial year	(1,822)	(178)	(2,000)

3 Notes to the profit and loss account

Loss on ordinary activities before taxation is stated

	2007 \$000	2006 \$000
<i>After charging</i>		
Depreciation	1,143	17
Amortisation	110	-
Loss on sale of fixed assets	-	2
Hire of other assets - operating leases	427	21
Exchange losses	-	447
<i>After crediting</i>		
Exchange gains	395	-
<i>Auditors remuneration</i>		
Audit of these financial statements - Company	53	45
Amounts receivable by auditors and their associates in respect of		
Audit of financial statements of subsidiaries pursuant to legislation	50	28
Other services relating to taxation	17	27
Service relating to corporate finance transactions	68	10
Valuation services	9	-

Amounts paid to the Company's auditor in respect of services to the Company other than the audit of the Company's financial statements, have not been disclosed as the information required is on a consolidated basis.

4 Remuneration of Directors

	2007			
	Remuneration £000	Severance £000	Benefits £000	Total £000
Executive Directors	581	-	10	591
Non-exec Directors	75	-	-	75
	656	-	-	666

	2006			
	Remuneration £000	Severance £000	Benefits £000	Total £000
Executive Directors	431	150	10	591
Non-exec Directors	50	-	-	50
	481	150	10	641

Directors' remuneration is disclosed in sterling and not United States dollars, as the majority of Directors are paid in sterling

The remuneration of the highest paid Director was

	2007 £000	2006 £000
Remuneration	230	162
Company pension contributions	15	12

The number of Directors exercising share options was

	2007 Number	2006 Number
Directors	-	-

Company contributions were made into personal pension schemes held by the Directors as follows

	2007 £000	2006 £000
Company pension contributions	89	37

The Company has a Group personal pension plan in place, whereby the Company contributes a percentage of annual salary on behalf of full time executive Directors of the Company into personal pension schemes

The number of Directors for which such payments were made during the year are as follows

	2007 Number	2006 Number
Directors	4	3

Directors' rights to subscribe for shares in or debentures of the Company are indicated below

	Exercise period	Exercise price	2007	2006
P Middleton	September 2006 – August 2015	£1.25	150,000	150,000
M Brennan	September 2006 – August 2015	£1.25	120,000	120,000
D de Lange	September 2006 – January 2008	£1.25	73,333	120,000
R Ruebe	December 2007 – January 2016	£2.25	67,782	-

Notes to the financial statements (continued)

for the year ended 31 March 2007

5 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows

	2007 Number	2006 Number
Administration	29	17

The aggregate payroll costs of these persons were as follows

	2007 \$000	2006 (as restated) \$000
Wages and salaries	2,845	1,536
Share based payments	487	367
Social security costs	228	187
Severance costs	-	268
Other pension costs	194	87
	3,754	2,445

The Company has a Group personal pension plan in place, whereby the Company contributes a percentage of annual salary on behalf of full time employees of the Company into the personal pension scheme

The comparative figures have been restated for the adoption of FRS 20 Share based payments (note 26)

6 Exceptional administrative costs

	2007 \$000	2006 \$000
Methanol costs written off	-	8 673

Exceptional administrative costs in 2006 represent write offs of assets under construction and prepaid finance costs in respect of the methanol project in Australia

7 Other interest receivable and similar income

	2007 \$000	2006 \$000
Interest receivable on short term deposits	395	714

8 Interest payable and similar charges

	2007 \$000	2006 \$000
On bank loans and overdraft	954	5

9 Taxation

Analysis of charge in period

	2007 \$000	2006 \$000
<i>Foreign Tax</i>		
Current tax on income for the period	168	-

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2006 lower) than the standard rate of corporation tax in the UK 30% (2006 30%). The differences are explained below

	2007 \$000	2006 (as restated) \$000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(1,636)	(12,916)
Current tax at 30%	(491)	(3,875)
Effects of		
Expenses not deductible	196	343
Capital allowances for period in excess of depreciation	(26)	(1)
Income/expenses not subject to UK corporation tax	408	830
Unutilised tax losses	81	2,593
FRS 20 adoption	-	110
Total current tax charge (see above)	168	-

Factors that may affect future tax charges

Tax losses amounting to approximately \$32,664,000 (2006 \$32,395 000) are available to relieve against future profits of the Group

Future profits will primarily be generated overseas. The Directors have not recognised a deferred tax asset in these financial statements. This position will be reviewed in future periods.

Notes to the financial statements (continued)

for the year ended 31 March 2007

10 Loss per ordinary share

The calculation of basic loss per share was calculated as follows

	2007	2006 (as restated)
Loss attributable to ordinary shareholders		
Loss for the period (\$000)	(2,000)	(13,243)
Weighted average number of ordinary shares		
Issued ordinary shares at start of period (000)	22,703	3,503
Effect of shares issued in the period (000)	-	11,819
Weighted average number of ordinary shares at end of period	22,703	15,322
Loss per share (\$US)	(0.088)	(0.864)

The calculation of diluted loss per share was calculated as follows

	2007	2006
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at end of period (000)	22,703	15,322
Effect of shares options in issue (000)	-	-
Weighted average number of ordinary shares (diluted) at end of period (000)	22,703	15,322
Loss per share diluted (\$US)	(0.088)	(0.864)

Share options in issue during the periods do not have a dilutive impact on the loss per share calculation

Following an ordinary resolution with effect from 1 December 2006, every 100 ordinary shares of 1 pence each were consolidated into 1 new ordinary share of £1 each, having attached thereto the rights specified in the articles of association of the Company

11 Intangible fixed assets

Group	Goodwill \$000
Cost	
At 1 April, 2006 and 31 March, 2007	6,595
Amortisation	
At 1 April 2006	-
Charged in year	110
At 31 March, 2007	110
Net book value	
At 31 March, 2007	6,485
At 1 April, 2006	6,595

The Group has adopted the policy as set out in the Statement of Recommended Practice (SORP) as issued by the Oil Industry Accounting Committee with regard to amortisation, whereby amortisation will normally apply with the commencement of production from such operating activities. In the instance where operating activities have not yet commenced goodwill is subject to an annual review for impairment.

Goodwill is amortised over 15 years, being the period over which the Directors have assessed future economic benefit to be derived.

12 Tangible fixed assets

	Group			Company	
	Freehold land and improvements \$000	Plant and equipment \$000	Assets in the course of construction \$000	Total \$000	Plant and equipment \$000
Cost					
At 1 April, 2006	2 732	235	21,965	24,932	172
Additions	–	342	45,460	45,802	12
Transfers	1,509	65,184	(66,693)	–	–
At 31 March, 2007	4,241	65,761	732	70,734	184
Depreciation					
At 1 April, 2006	–	161	–	161	155
Charge	35	1,108	–	1,143	10
At 31 March, 2007	35	1,269	–	1,304	165
Net Book Value					
At 31 March, 2007	4,206	64,492	732	69,430	19
At 1 April, 2006	2 732	74	21,965	24,771	17

13 Fixed asset investments

Company	Shares in Group undertakings \$000
Cost	
At 1 April 2006	19,043
Written off during the year	(1)
At 31 March, 2007	19,042
Net book value	
At 31 March, 2007	19,042
At 1 April, 2006	19 043

Notes to the financial statements (continued)

for the year ended 31 March 2007

13 Fixed asset investments (continued)

The undertakings in which the Group's interest at the year end is more than 20% are as follows

	Percentage beneficial ownership by Group	Country of incorporation / registration	Principal activity
Illinois River Energy LLC	85.26%	USA	Ethanol Production Company
GTL Resources USA Inc	100.00%	USA	Project Holding Company
GTL Resources Overseas Investments Ltd	100.00%	United Kingdom	Project Holding Company
GTL Australian Holdings Pty Ltd	100.00%	Australia	Dormant
Liquigaz Holdings Pty Ltd	100.00%	Australia	Dormant
Liquigaz Pty Ltd	100.00%	Australia	Dormant
Redclouds Investment Inc	100.00%	British Virgin Islands	Dormant
GCS Holdings Inc	67.50%	British Virgin Islands	Dormant

All the companies listed have been included in the consolidated financial statements

14 Stock

	Group	
	2007 \$000	2006 \$000
Raw materials	2,269	-
Work in progress	728	-
Finished products	800	-
	3,797	-

15 Debtors

	Group		Company	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Trade debtors	3,694	-	-	-
Other debtors	1,489	60	507	58
Prepayments and accrued income	825	364	86	61
Amounts owed by Group undertakings	-	-	21,726	18,514
	6,008	424	22,319	18,633

16 Creditors amounts falling due within one year

	Group		Company	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Bank loan	3,752	-	-	-
Trade creditors	5,791	6,803	124	151
Other creditors	749	1,789	457	455
Taxation and social security	52	31	52	31
Accruals	1,618	314	373	251
	11,962	8,937	1,006	888

17 Creditors amounts falling due after more than one year

	Group	
	2007 \$000	2006 \$000
Bank loan	38,524	-

	Group	
	2007 \$000	2006 \$000
Debt can be analysed as falling due		
In one year or less or on demand	3,752	-
Between one and two years	5,000	-
Between two and five years	15,000	-
In five years or more	18,524	-
	42,276	-

18 Called up share capital

	Number 000	£000	\$000
Authorised.			
<i>Ordinary shares £0.01 each</i>			
At 1 April, 2006	3,200,000	32,000	-
<i>Ordinary shares £1 each</i>			
At 31 March, 2007	32,000	32,000	-
Allotted, called up and fully paid			
<i>Ordinary shares £0.01 each</i>			
At 1 April, 2006	2,270,275	22,703	41,046
<i>Ordinary shares £1 each</i>			
At 31 March, 2007	22,703	22,703	41,046

Following an ordinary resolution, with effect from 1 December 2006, every 100 ordinary shares of 1 pence each were consolidated into 1 new ordinary share of £1 each, having attached thereto the rights specified in the articles of association of the Company.

Notes to the financial statements (continued)

for the year ended 31 March 2007

19 Share premium and reserves

	Special reserve \$000	Share premium account \$000	Profit and loss account \$000
Group			
At 1 April 2006	3,508	33,886	(40,190)
Loss for the period	-	-	(2,000)
Reversal of charge in relation to share based payments	-	-	487
At 31 March, 2007	3,508	33,886	(41,703)
Company			
At 1 April 2006	3,508	33,886	(35,805)
Loss for the period	-	-	(178)
Reversal of charge in relation to share based payments	-	-	487
At 31 March, 2007	3,508	33,886	(35,496)

20 Minority interest

	Group	
	2007 \$000	2006 \$000
At start of period	(4,539)	362
Acquisitions/disposals during the year	2	(4,574)
Share of result for the year	(196)	(327)
At end of year	(4,733)	(4,539)

21 Commitments

a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows

	Group	
	2007 \$000	2006 \$000
Contracted	-	58,386

21 Commitments (continued)

b) Annual commitments under non-cancellable operating leases are as follows

	Group	
	2007 \$000	2006 \$000
Land and buildings		
Operating leases which expire		
- in the first year	178	-
- in the second to fifth years inclusive	249	22
	427	22

	Company	
	2007 \$000	2006 \$000
Land and buildings		
Operating leases which expire		
- in the second to fifth years inclusive	26	21

22 Pension Scheme

The Group operates a personal pension plan for its UK employees. The pension cost charge for the period represents contributions payable by the Group to the scheme.

23 Employee share schemes

FRS 20 Share based payments has been adopted for the first time in these financial statements. The adoption of FRS 20 represents a change in accounting policy and the comparatives have therefore been restated, as described in note 26.

Share based payments - Company and Group

The Company has three active Executive Share Option Schemes:

- The 2005 Approved Executive Share Option Scheme - adopted on 31 August, 2005. Options under this scheme are granted to eligible employees at the discretion of a committee of the Board of the Company.
- The 2005 Unapproved Executive Share Option Scheme - adopted on 31 August, 2005, has rules substantially the same as for the Approved Scheme, except that in addition, options may be granted to companies who provide the services of an employee or Director to the Group.
- The 2006 Unapproved Executive Share Option Scheme - adopted on 1 December, 2006. The scheme rules are substantially the same as that of the 2005 Scheme other than specific restrictions in respect of eligibility and leavers.

Notes to the financial statements (continued)

for the year ended 31 March 2007

23 Employee share schemes (continued)

Share options, granted to employees, that existed at the year end were as follows

Date of grant	2006 Number of share options	2007 Number of share options	Exercise price	Exercise Period
1 September, 2005	130,000	130,000	£1.25	September 2006 - August 2015
1 September, 2005	130,000	123,333	£1.25	September 2007 - August 2015
1 September, 2005	130,000	90,000	£1.25	September 2008 - August 2015
1 January, 2006	26,667	23,334	£1.75	January 2007 - December 2016
1 January, 2006	26,667	15,714	£1.75	January 2008 - December 2016
1 January, 2006	26,667	15,714	£1.75	January 2009 - December 2016
1 December, 2006	-	22,557	£2.25	December 2007 - January 2016
1 December, 2006	-	22,557	£2.25	December 2008 - January 2016
1 December, 2006	-	22,557	£2.25	December 2009 - January 2016
	470,000	465,766		

Under the scheme rules, options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is split evenly across the first three years from the date the options are granted. If the option remains unexercised after ten years from the date it was granted the options expire. Options are forfeited if the employee leaves the Group before the options vest.

The number and weighted average exercise prices of share options in issue are as follows

	2007		2006	
	Number of share options	Weighted average share price	Number of share options	Number average share price
Outstanding at beginning of year	470,000	£1.32	-	-
Lapsed during the year	(71,905)	£1.43	-	-
Granted during the year	67,671	£2.25	470,000	£1.32
Outstanding at end of year	465,766	£1.45	470,000	£1.32
Exercisable at end of year	198,095	£1.34	-	-

The options outstanding at 31 March, 2007 had exercise prices ranging from £1.25 to £2.25 and the weighted average remaining contractual life of these options was nine years.

23 Employee share schemes (continued)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The share options were valued internally using a Black-Scholes model as there is no dividend yield. The key inputs to the model were

Share options granted on 1 September, 2005			
Fair value at measurement date	£1.41	£1.45	£1.48
Exercise price	£1.25	£1.25	£1.25
Expected volatility	64.9%	64.9%	64.9%
Expected dividends	-	-	-
Risk free interest rate	4.85%	4.85%	4.78%

Share options granted on 1 January, 2006			
Fair value at measurement date	£0.95	£0.98	£1.02
Exercise price	£1.75	£1.75	£1.75
Expected volatility	64.9%	64.9%	64.9%
Expected dividends	-	-	-
Risk free interest rate	4.85%	4.78%	4.85%

Share options granted on 1 December, 2006			
Fair value at measurement date	£1.11	£1.05	£0.98
Exercise price	£2.25	£2.25	£2.25
Expected volatility	65.3%	65.3%	65.3%
Expected dividends	-	-	-
Risk free interest rate	4.78%	4.85%	4.69%

The expected volatility assumptions were determined by reference to the daily share price movements from 1 September 2005 to the date of granting the options. Historic data prior to this date is not considered appropriate given the significant changes to the Group including the placing of a significant number of shares and changes in the Group's activities.

Share options are granted under a service condition and subject to either no performance condition or a non-market based performance condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the share option grants.

The total expenses recognised for the period arising from share based payments are as follows

	2007 \$000	2006 \$000
Equity settled share based payments	487	367

Notes to the financial statements (continued)

for the year ended 31 March 2007

24 Analysis of cash flows

	2007 \$000	2006 \$000
Returns on investments and servicing of finance		
Interest received	395	714
Interest paid	(1954)	(5)
	(559)	709
Capital expenditure		
Purchase of tangible fixed assets	(342)	(136)
Purchase of assets in the course of construction	(41,665)	(15,413)
	(42,007)	(15,549)
Acquisitions		
Purchase of subsidiary undertakings	-	(33,042)
Cash acquired with subsidiary	-	34,586
	-	1,544
Financing		
Debt financing	(42,276)	-
Issue of ordinary share capital	-	41,239
	(42,276)	41,239

25 Analysis of net funds

	At 1 April, 2006 \$000	Cash flow \$000	At 31 March, 2007 \$000
Cash at bank and in hand	19,936	(13,700)	6,236
Debt due within one year	-	(3,752)	(3,752)
Debt due after one year	-	(38,524)	(38,524)
Total	19,936	(55,976)	(36,040)

26 Restatement of comparatives

FRS 20 Share based payments has been adopted for the first time in these financial statements. It requires companies to recognise an expenses in respect of their employee share option plans based on the fair value of the instrument. The adoption of FRS 20 represents a change in accounting policy and therefore requires restatement of the prior year figures.

The effects of restatement are as follows

	As originally stated \$000	FRS charge \$000	As restated \$000
Profit and loss account brought forward 1 April 2005	(27,314)	-	(27,314)
<i>Profit and loss account</i>			
Administrative expenses	(4,585)	(367)	(4,952)
Exceptional costs	(8,673)	-	(8,673)
Net interest receivable	709	-	709
Minority interest	(327)	-	(327)
	(40,190)	(367)	(40,557)
<i>Reserves</i>			
Reversal of charge in relation to share based payments	-	367	367
Profit and loss account at 31 March, 2006	(40,190)	-	(40,190)

The adoption of FRS 20 has no impact on net assets

27 Financial instruments

The Group uses financial instruments comprising borrowings, cash liquid resources and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations and manage working capital risk.

The Board renews and agrees policies for managing risks and they are summarised below. Short term debtors and creditors have been excluded from all the following disclosures.

Pricing Risk

Ethanol and DDGS

From time to time the Group enters into fixed price contracts for ethanol at agreed prices for some of its expected future sales. The Group's exposure to market volatility is therefore reduced on this volume.

Corn

The Group works with its corn supplier to reduce future price volatility by the supplier entering into futures and options contracts such to enable it to offer the Group limited exposure to price movements.

Natural Gas

The Group works with its natural gas supplier to reduce future price volatility by entering into futures and options contracts itself. At the year end the Group's exposure under these contracts was not significant.

Notes to the financial statements (continued)

for the year ended 31 March 2007

27 Financial instruments (continued)

Interest rate risk profile of financial liabilities

The Group is exposed to interest rate risks as its bank loan is at a variable interest rate based upon LIBOR plus a 3.35% margin. It is Group policy to maintain flexibility over early repayment of the loan by not fixing the interest rate.

Interest rate risk profile of financial assets

The interest rate profile of the Group's financial assets is set out below:

	Cash at bank and in hand	
	2007 \$000	2006 \$000
US Dollars	3,666	14,106
GB Sterling	2,570	5,830
	6,236	19,936

The Group earns interest from bank deposits at variable rates.

Borrowing facilities

At 31 March, 2007 the Group had a committed working capital facility of \$12,500,000 (2006: \$nil), of which \$2,775,000 (2006: \$nil) was drawn down.

Currency Risk

The Group's functional currency is US Dollars. It is not significantly exposed to foreign transaction exchange risk because its production and sales functions operate wholly within the USA and all of these transactions are denominated in US Dollars. However, most of the transactions undertaken by the Company were made in GBP Sterling, the functional currency of the Company. Therefore foreign exchange gains and losses that arise on consolidation are not eliminated reflecting the exposure to currency fluctuations where entities have different functional currencies.

Liquidity Risk

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

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