

**PLANET OIL INTERNATIONAL PLC**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**



Company No. 3589112

# **PLANET OIL INTERNATIONAL PLC**

## **FINANCIAL STATEMENTS**

For the year ended 30 June 2005

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<b>INDEX</b>	<b>PAGE</b>
Report of the Directors	1
Report of the independent auditors	3
Principal accounting policies	4
Consolidated profit and loss account	6
Balance sheets	7
Notes to the financial statements	8

# PLANET OIL INTERNATIONAL PLC

## REPORT OF THE DIRECTORS

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The Directors present their report together with financial statements for the year ended 30 June 2005.

### Principal activity

The principal activity of the Group is that of worldwide oil and gas exploration.

### Results and dividends

The Group loss for the year after taxation amounted to £161,838 (2005: £259,820). The Directors cannot recommend payment of a dividend and the balance has been transferred to reserves.

### Review of the business

#### *Guyane*

Technical work on the Guyane permit continued, and in addition to the large, robust structure known as the Matamata Prospect identified on the new seismic acquired in 2002/03, a number of leads similar to the Mauritania Miocene channel systems were also identified in a thick sedimentary basin at the eastern continental slope. The FG05 marine seismic survey commenced in October 2005 and during the two-month survey 1,620 km of 2D seismic and 350sq km of 3D seismic was acquired. In parallel, preparations are continuing for the planned drilling programme, currently scheduled for 2007.

#### *Mauritania*

Exploration drilling has continued with three wells being drilled since July 2004. Those drilled include Dorade-1 in PSC C2, Zoule in PSC C6 and Sotto PSC Area A of which all were unsuccessful and subsequently plugged and abandoned.

On 2 February 2006, the Mauritanian Government gave notice that it was disputing the validity of agreements which were supplementary to four Production Sharing Contracts ("PSCs"), including the PSCs for Area A, Area C Block 2 and Area C Block 6 offshore Mauritania to which the Company is a party. The Company's parent company announced on the 7 June 2006 that the Mauritanian Government and the joint venturers under each of the four PSCs had signed revised PSCs for the four offshore blocks operated by a subsidiary of Woodside Petroleum Ltd ("Woodside"), bringing to a close the dispute earlier this year over amendments to the original PSCs.

The major elements of the resolution, relating to the Company, reflected in the revised PSCs, are:

- exploration periods are secured in line with previous arrangements; and
- establishment of an Environmental Commission, funded through a total annual payment of US\$1 million by the joint venturers during the life of production from the revised PSCs.

The revised PSCs came into effect on 8 June 2006.

### Directors

The Directors during the year and since the end of the year are:

E Ellyard (resigned 16 December 2004)  
S Spencer (resigned 12 April 2006)  
A Burns (appointed 16 December 2004 resigned 3 July 2006)  
S C Potter (appointed 30 June 2005)  
R A Carroll (appointed 3 July 2006)

The Directors had no beneficial interests in the issued share capital of the Company. The Directors' interests in the share capital of the ultimate parent company Hardman Resources Ltd (Hardman), are shown in that company's financial statements.

# PLANET OIL INTERNATIONAL PLC

## REPORT OF THE DIRECTORS

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### Statement of Directors' responsibilities for the financial statements

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Creditors' payment policy and practice

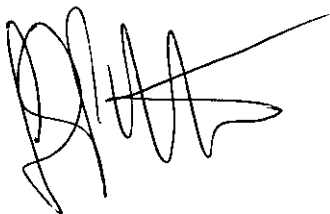
The Company does not have a formal policy for payment of its trade creditors. Payment is made as soon as possible after the goods or services are supplied.

### Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

### ON BEHALF OF THE BOARD

Director



Registered office:  
Green Park House  
15 Stratton Street  
Mayfair  
London W1W 8LQ

14 September 2006

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

### **PLANET OIL INTERNATIONAL PLC**

We have audited the financial statements of Planet Oil International Plc for the year ended 30 June 2005, which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets and notes 1 to 16. 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 auditors' 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 the directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' 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 opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 of the state of affairs of the group and the company as at 30 June 2005 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Grant Thornton UK LLP*

**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
GATWICK**

*18 September 2006*

# **PLANET OIL INTERNATIONAL PLC**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

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

The principal accounting policies of the Group, which have remained unchanged from the previous year, are set out below.

### **BASIS OF CONSOLIDATION**

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 30 June 2005. The results of the subsidiary undertakings acquired during the period have been included from the date of acquisition. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life.

### **INVESTMENTS**

Investments are included at cost less amounts written off.

### **FOREIGN CURRENCIES**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All exchange differences are dealt with through the profit and loss account.

## **PLANET OIL INTERNATIONAL PLC**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **EXPLORATION AND DEVELOPMENT COSTS**

The Group follows the "full cost" method of accounting for costs incurred in the exploration and development of oil and gas properties, in accordance with the Statement of Recommended Practice 'Accounting for oil and gas exploration'.

Costs are capitalised in a single cost pool. The costs of acquisition of property (including rights and concessions) and plant and equipment are included in tangible fixed assets if they relate to proved properties. Investments made for the specific purpose of undertaking oil and gas exploration and development activities jointly with others are included in the full cost pool.

All costs associated with property acquisition, exploration and development are capitalised whether or not they result directly in commercial discoveries, subject to the limitation that capitalised costs less accumulated depletion do not exceed the estimated value of the proven and probable reserves of the group. Proceeds from the disposal of oil and gas assets are deducted from the full cost pools.

#### **SITE RESTORATION AND DECOMMISSIONING COSTS**

Provision for expenditure on site restoration and decommissioning of oil and gas production facilities is made using the unit of production method where the Directors consider there is a material liability for the removal of production facilities and site restoration at the end of the producing life of a field. A provision is only made upon commercially viable production.

#### **DEPLETION**

Capitalised costs in respect of oil and gas exploration and development are depleted on the unit of production method once the well has commenced commercial production based upon estimates of the proven and probable reserves of the Group.

# PLANET OIL INTERNATIONAL PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2005

	Note	2005 £	2004 £
Turnover	2	-	-
Administrative expenses		<u>(161,838)</u>	<u>(259,820)</u>
Loss on ordinary activities before taxation	2	(161,838)	(259,820)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation sustained for the year	5,12,13	<u>(161,838)</u>	<u>(259,820)</u>

All operations are continuing.

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

The accompanying accounting policies and notes form an integral part of these financial statements.



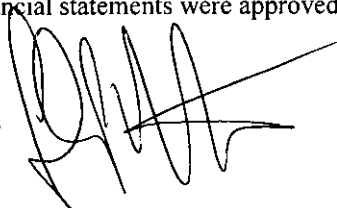
# PLANET OIL INTERNATIONAL PLC

## BALANCE SHEETS AT 30 JUNE 2005

	Note	Group 2005 £	Group 2004 £	Company 2005 £	Company 2004 £
<b>Fixed assets</b>					
Tangible assets	7	2,070,784	1,292,045	-	-
Investments	8	-	-	-	-
		<u>2,070,784</u>	<u>1,292,045</u>	<u>-</u>	<u>-</u>
<b>Current assets</b>					
Debtors	9	782	-	-	-
Cash at bank and in hand		86,017	14,642	1,146	2,462
		<u>86,799</u>	<u>14,642</u>	<u>1,146</u>	<u>2,462</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(3,309,146)</u>	<u>(2,296,412)</u>	<u>(3,155,734)</u>	<u>(2,294,514)</u>
<b>Net current liabilities</b>		<u>(3,222,347)</u>	<u>(2,281,770)</u>	<u>(3,154,588)</u>	<u>(2,292,052)</u>
<b>Total assets less current liabilities</b>		<u>(1,151,563)</u>	<u>(989,725)</u>	<u>(3,154,588)</u>	<u>(2,292,052)</u>
<b>Capital and reserves</b>					
Called up share capital	11	700,000	700,000	700,000	700,000
Share premium account		73,590	73,590	73,590	73,590
Profit and loss account	12	<u>(1,925,153)</u>	<u>(1,763,315)</u>	<u>(3,928,178)</u>	<u>(3,065,642)</u>
<b>Shareholders' funds</b>	13	<u>(1,151,563)</u>	<u>(989,725)</u>	<u>(3,154,588)</u>	<u>(2,292,052)</u>

The financial statements were approved by the board of Directors on 14<sup>th</sup> September 2006

Director



The accompanying accounting policies and notes form an integral part of these financial statements.

# PLANET OIL INTERNATIONAL PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

### 1 BASIS OF PREPARING THE FINANCIAL STATEMENTS

The Company meets its working capital requirements through periodic cash advanced from the parent undertaking, Hardman Resources Limited (Hardman) which had cash resources at 30 June 2005 of approximately £62 million (2004: £125 million). The Directors have prepared projected cash flow information for the period ending 30 September 2007.

On the basis of this cash flow information and Hardman's cash resources, the Directors consider that the Company will continue to operate within the funding available from Hardman. The parent undertaking has indicated its willingness to continue to support the operation of the Company, by extending such credit as is required from time to time. The Directors therefore consider that the going concern basis is appropriate.

### 2 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities is attributable to the principal activity of worldwide oil and gas exploration.

Loss on ordinary activities is stated after:

	2005 £	2004 £
Auditors' remuneration	8,225	6,000
Depreciation and depletion	<u>154,626</u>	<u>91,543</u>

### 3 DIRECTORS AND EMPLOYEES

The only employees were the Directors who received no remuneration in either year.

### 4 TAX ON LOSS ON ORDINARY ACTIVITIES

There is no tax charge based on the loss for either year. The group has unrelieved tax losses of approximately £1,049,000 (2004: £1,030,000) available to carry forward against future profits of the same trade.

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 30%.

The differences are explained as follows:

	2005 £	2004 £
Loss on ordinary activities before tax	<u>(161,838)</u>	<u>(259,820)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(48,551)	(77,946)
Expenses not deductible for tax purposes	251	4,146
Tax losses in overseas companies extinguished	45,000	31,800
Increase in tax losses to carry forward	<u>3,300</u>	<u>42,000</u>
Current tax charge for year	<u>-</u>	<u>-</u>

# PLANET OIL INTERNATIONAL PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

### 5 LOSS ON ORDINARY ACTIVITIES AFTER TAXATION

The Company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year was £862,536. (2004 Profit: £1,097,304).

### 6 INTANGIBLE FIXED ASSETS

#### Group

#### Goodwill on consolidation £

Cost	
At 1 July 2004 and 30 June 2005	<u>76,010</u>
Amount written off	
At 1 July 2004 and 30 June 2005	<u>76,010</u>
Net book amounts	
At 30 June 2005 and 30 June 2004	<u><u>-</u></u>

### 7 TANGIBLE FIXED ASSETS

#### Group

#### Gas and oil exploration £

Cost	
At 1 July 2004	2,252,122
Additions	933,365
At 30 June 2005	<u>3,185,487</u>
Depreciation and depletion	
At 1 July 2004	960,077
Provided in the year	154,626
At 30 June 2005	<u>1,114,703</u>
Net book amount at 30 June 2005	<u><u>2,070,784</u></u>
Net book amount at 30 June 2004	<u><u>1,292,045</u></u>

# PLANET OIL INTERNATIONAL PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

### 8 INVESTMENTS

#### Company

Shares in subsidiary undertakings  
At 1 July 2004 and at 30 June 2005

	£
Cost	110,000
Provision	(110,000)
Net book amount	-

The Company has the following subsidiaries, all of which are 100% owned, whose principal activity is oil and gas exploration and have share capital consisting solely of ordinary shares.

	Country of incorporation
Planet Oil Limited	England and Wales
Planet Oil Holdings Limited	Guernsey
* Planet Oil (Mauritania) Limited	Guernsey

\* A subsidiary of Planet Oil Holdings Limited.

### 9 DEBTORS

	2005 Group £	2004 Group £	2005 Company £	2004 Company £
Amounts falling due within one year:				
Other debtors	782	-	-	-

### 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 Group £	2004 Group £	2005 Company £	2004 Company £
Loan from parent undertaking	3,146,839	2,286,415	3,146,839	2,286,415
Other taxes and social security	-	179	-	-
Accruals	-	8,700	-	8,099
Other creditors	162,307	1,118	8,895	-
	3,309,146	2,296,412	3,155,734	2,294,514

The parent undertaking has agreed not to demand payment of the amount due to it to the detriment of other creditors.

# PLANET OIL INTERNATIONAL PLC

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2005

### 11 SHARE CAPITAL

	2005 £	2004 £
Authorised 250,000,000 ordinary shares of 2p each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid 35,000,000 ordinary shares of 2p each	<u>700,000</u>	<u>700,000</u>

### 12 RESERVES

	Group Profit and loss account £	Company Profit and loss account £
At 1 July 2004	(1,763,315)	(3,065,642)
Loss sustained for the year	<u>(161,838)</u>	<u>(862,536)</u>
At 30 June 2005	<u>(1,925,153)</u>	<u>(3,928,178)</u>

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2005 £	Group 2004 £
Loss for the financial year	<u>(161,838)</u>	<u>(259,820)</u>
Decrease in shareholders' funds in the year	<u>(161,838)</u>	<u>(259,820)</u>
Shareholders' funds at 1 July 2004	<u>(989,725)</u>	<u>(729,905)</u>
Shareholders' funds at 30 June 2005	<u>(1,151,563)</u>	<u>(989,725)</u>

# **PLANET OIL INTERNATIONAL PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2005

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### **14 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

#### **Group and Company**

In accordance with normal industry practice the Group has entered into joint ventures and farm-in agreements with other parties for the purpose of exploring and developing its petroleum interests. If a party to a joint venture defaults and does not contribute its share of joint venture obligations, then the other joint venturers are liable to meet those obligations. In this event the interest in the permit held by the defaulting party may be redistributed to the remaining joint venturers. A contingent liability exists in respect of contributions due to be paid by farm-in partners of the Group to some of its joint ventures.

The Group had capital commitments at 30 June 2005 in respect of exploration costs of £6,395,543 (2004: £295,000).

### **15 POST BALANCE SHEET EVENTS**

On 2 February 2006, the Mauritanian Government gave notice that it was disputing the validity of agreements which were supplementary to four Production Sharing Contracts ("PSCs"), including the PSCs for Area A, Area C Block 2 and Area C Block 6 offshore Mauritania to which the Company is a party. The Company's ultimate parent company announced on the 7 June 2006 that the Mauritanian Government and the joint venturers under each of the four PSCs had signed revised PSCs for the four offshore blocks operated by a subsidiary of Woodside Petroleum Ltd ("Woodside"), bringing to a close the dispute earlier this year over amendments to the original PSCs.

The major elements of the resolution, relating to the Company, reflected in the revised PSCs, are:

- exploration periods are secured in line with previous arrangements; and
- establishment of an Environmental Commission, funded through a total annual payment of US\$1 million by the joint venturers during the life of production from the revised PSCs.

The revised PSCs came into effect on 8 June 2006.

### **16 ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking is Hardman Resources Limited, a company registered in Australia. The financial statements for the parent undertaking which include the results of this company can be obtained from Green Park House, 15 Stratton Street, Mayfair, London, W1W 8LQ.