

PLANET OIL INTERNATIONAL PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004



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COMPANIES HOUSE 01/02/05

Company No. 3589112

PLANET OIL INTERNATIONAL PLC

FINANCIAL STATEMENTS

For the year ended 30 June 2004

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PLANET OIL INTERNATIONAL PLC

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 June 2004.

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 £259,820 (2003: £16,580). The directors cannot recommend payment of a dividend and the balance has been transferred to reserves.

Review of the business

Guyane

Technical evaluation and mapping of the new 2D seismic survey has been completed and discussions with possible farminees are continuing with a view to funding the drilling of a structural feature referred to as the "Matamata Prospect".

Mauritania

The 2003 drilling programme commenced in September and was completed in December. The Poune exploration well was unsuccessful after encountering only minor hydrocarbon shows. The 2004 drilling programme began 12 September 2004, which included the drilling of Dorade-1 which was unsuccessful.

Directors

The present membership of the Board is set out below:

E Ellyard (resigned 16 December 2004)

S Spencer

A Burns (appointed 16 December 2004)

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

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

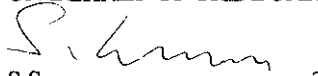
The company does not have a formal policy for payment of its trade creditors. Payment is made as soon as possible after the goods or services are supplied.

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

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


S Spencer
Director

Registered office:
5 Charterhouse Square
London
EC1M 6EE

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 2004, 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 2004 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
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
GATWICK
27 January 2005

PLANET OIL INTERNATIONAL PLC

PRINCIPAL ACCOUNTING POLICIES

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. 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.

TURNOVER

Turnover is the total amount receivable by the group in the ordinary course of business for goods supplied as principal and for services provided.

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

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 2004

	Note	2004 £	2003 £
Turnover	2	-	-
Administrative expenses		<u>(259,820)</u>	<u>(16,580)</u>
Loss on ordinary activities before taxation	2	(259,820)	(16,580)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation sustained for the year	5,12,13	<u>(259,820)</u>	<u>(16,580)</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 2004

	Note	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Fixed assets					
Intangible assets	6	-	-	-	-
Tangible assets	7	1,292,045	2,660,871	-	-
Investments	8	-	-	-	-
		<u>1,292,045</u>	<u>2,660,871</u>	<u>-</u>	<u>-</u>
Current assets					
Debtors	9	-	879	-	551
Cash at bank and in hand		14,642	2,648	2,462	2,425
		<u>14,642</u>	<u>3,527</u>	<u>2,462</u>	<u>2,976</u>
Creditors: amounts falling due within one year	10	<u>(2,296,412)</u>	<u>(3,394,303)</u>	<u>(2,294,514)</u>	<u>(3,392,333)</u>
Net current liabilities		<u>(2,281,770)</u>	<u>(3,390,776)</u>	<u>(2,292,052)</u>	<u>(3,389,357)</u>
Total assets less current liabilities		<u><u>(989,725)</u></u>	<u><u>(729,905)</u></u>	<u><u>(2,292,052)</u></u>	<u><u>(3,389,357)</u></u>
Capital and reserves					
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>(1,763,315)</u>	<u>(1,503,495)</u>	<u>(3,065,642)</u>	<u>(4,162,947)</u>
Shareholders' funds	13	<u><u>(989,725)</u></u>	<u><u>(729,905)</u></u>	<u><u>(2,292,052)</u></u>	<u><u>(3,389,357)</u></u>

The financial statements were approved by the board of directors on 25 January 2005.



S Spencer
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 2004

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 2004 of approximately £125 million (2003: £12.4 million). The directors have prepared projected cash flow information for the period ending 30 April 2006.

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:

	2004 £	2003 £
Auditors' remuneration	6,000	3,000
Depreciation and depletion	<u>91,543</u>	<u>1,229</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 £1,030,000 (2003: £890,000) 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:

	2004 £	2003 £
Loss on ordinary activities before tax	<u>(259,820)</u>	<u>(16,580)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(77,946)	(4,974)
Expenses not deductible for tax purposes	4,146	-
Tax losses in overseas companies extinguished	31,800	4,974
Increase in tax losses to carry forward	<u>42,000</u>	<u>-</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 2004

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 profit for the year was £1,097,304 (2003: £2,047,899 loss).

6 INTANGIBLE FIXED ASSETS**Group****Goodwill on
consolidation
£**

Cost	
At 1 July 2003 and 30 June 2004	<u>76,010</u>
Amount written off	
At 1 July 2003 and 30 June 2004	<u>76,010</u>
Net book amounts	
At 30 June 2004 and 30 June 2003	<u><u>-</u></u>

7 TANGIBLE FIXED ASSETS**Group****Gas and oil
exploration
£**

Cost	
At 1 July 2003	3,529,405
Additions	1,456,545
Transfers to other group companies	<u>(2,733,828)</u>
At 30 June 2004	<u>2,252,122</u>
Depreciation and depletion	
At 1 July 2003	868,534
Provided in the year	<u>91,543</u>
At 30 June 2004	<u>960,077</u>
Net book amount at 30 June 2004	<u><u>1,292,045</u></u>
Net book amount at 30 June 2003	<u><u>2,660,871</u></u>

PLANET OIL INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

8 INVESTMENTS

Company

Shares in subsidiary undertakings
At 1 July 2003 and at 30 June 2004

	£
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

	2004 Group £	2003 Group £	2004 Company £	2003 Company £
Amounts falling due within one year:				
Other debtors	-	879	-	551

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 Group £	2003 Group £	2004 Company £	2003 Company £
Loan from parent undertaking	2,286,415	3,389,283	2,286,415	3,389,283
Other taxes and social security	179	-	-	-
Accruals	8,700	4,100	8,099	3,050
Other creditors	1,118	920	-	-
	<u>2,296,412</u>	<u>3,394,303</u>	<u>2,294,514</u>	<u>3,392,333</u>

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 2004

11 SHARE CAPITAL

	2004 £	2003 £
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 2003	(1,503,495)	(4,162,947)
(Loss sustained)/profit retained for the year	<u>(259,820)</u>	<u>1,097,304</u>
At 30 June 2004	<u>(1,763,315)</u>	<u>(3,065,642)</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2004 £	Group 2003 £
Loss for the financial year	<u>(259,820)</u>	<u>(16,580)</u>
Decrease in shareholders' funds in the year	<u>(259,820)</u>	<u>(16,580)</u>
Shareholders' funds at 1 July 2003	<u>(729,905)</u>	<u>(713,325)</u>
Shareholders' funds at 30 June 2004	<u>(989,725)</u>	<u>(729,905)</u>

PLANET OIL INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2004

14 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Group and company

In accordance with normal industry practice the economic entity 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 economic entity to some of its joint ventures.

The group had capital commitments at 30 June 2004 in respect of exploration costs of £295,000. (2003: £566,440).

15 POST BALANCE SHEET EVENTS

The 2004/2005 Offshore Mauritania drilling programme commenced on 12 September 2004, which included the drilling of Dorade-1. The well spudded on 12 September 2004, encountering some good quality sands but they were water bearing with no hydrocarbon shows. The well was subsequently plugged and abandoned. The financial effect of this has not been brought to account as at 30 June 2004.

Director E Ellyard resigned on the 16 December 2004 and A Burns was appointed on the same date.

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 5 Charterhouse Square, London, EC1M 6EE.

PLANET OIL INTERNATIONAL PLC

PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2004

	2004 £	2004 £	2003 £	2003 £
Exploration costs		140,066		-
Administrative expenses				
Management charges	285		417	
Audit and accountancy	11,594		2,158	
Bank charges and interest	32		32	
Sundry expenses	859		852	
Provision against loans to subsidiaries	<u>(1,250,140)</u>		<u>2,044,440</u>	
		<u>1,237,370</u>		<u>(2,047,899)</u>
Profit/(loss) before tax		<u><u>1,097,304</u></u>		<u><u>(2,047,899)</u></u>

THIS PAGE DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS