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DOMINION ENERGY PLC

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2007

DOMINION ENERGY PLC

HEAD OFFICE
2nd Floor, 19/20 Grosvenor Street
London
W1K 4QH

CONTENTS

DOMINION ENERGY PLC

Directors
M Alikhani *(Executive Director)*
K Sodha *(Executive Director)*
G Verspyck *(Non-executive Director)*
Dr M Ala *(Non-executive Director)*

Company Secretary
Mr K Sodha

Registered Office
HEAD OFFICE
2nd Floor, 19/20 Grosvenor Street
London
W1K 4QH

Registered No. 03986182

Auditors
Henderson & Co
87 Devonshire Road
Palmers Green
London
N13 4QU

Advisers
Hichens Harrison & Co plc
Bell Court House
11 Blomfield Street
London
EC2M 1LB

DOMINION ENERGY PLC

DIRECTORS REPORT

The Directors present their report and financial statements of the Company for the year ended 30 June 2007

PRINCIPAL ACTIVITY

The Company is engaged in the exploration of oil and natural gas in Tunisia, North Africa

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Fawar and Mezzouna permits - Tunisia

Both these permits are adjacent to other fields already producing oil and gas The exploration update on the permits since acquisition is as follows

a) about 1400 km of 2D seismic data have been reprocessed in the onshore Fawar permit and about 1500 km of 2D seismic data are under reprocessing
in the onshore Mezzouna permit

b) new 2D / 3D seismic data will be acquired commencing about end of Q4 – 2007

c) new reservoir evaluation on Fawar indicate oil shows in both wells

d) the original processed and reprocessed data interpretation indicates prospects and leads in both Fawar and Mezzouna permits

e) 2008 interpretation of the new 2D / 3D seismic survey is expected and may modify exploration strategy at Fawar and Mezzouna

Based on the results of the integration of 3D seismic and geoscience data, the first well will be spudded in the Fawar Permit in Q1 of 2009 The second well will be drilled back to back within the permit

The scheduled activities for 2008, in addition to the continuation of the above mentioned evaluation, will include new 2D and 3D seismic acquisition, processing and integrated interpretation, which will create the basis for refining prospect definition and future well locations in both permits, and for assessing the initial prospects and economic risk reduction

The results of the new evaluations are encouraging Both permits are being worked simultaneously to reduce the duration of the initial exploration program This will be in keeping with the Company's philosophy of maximizing the chances of discovery while keeping costs as low as possible

The planned work program is on schedule and all attempts will be made to minimise time and cost factors In addition, the new 3D seismic data will further reduce the field development costs and duration in the Fawar Permit Subsequent to the GBP3 37m fund raising in May 2006, the company's exploration program is fully financed until 2008

Further prospects

The Company has reviewed and continues to review opportunities to expand operations
Certain returnable deposits amounting to GBP3 1million (2006 GBP1 6million) have been made to maintain participation in Iranian projects under consideration, for which no contracts have been signed

The group results for the year show a loss of GBP635,952 compared with a loss of GBP222,095 for the prior year The results include salaries of oil and gas executives, overseas staff, costs of consultants and administrative expenses of overseas and UK offices Administrative expenses include GBP34,551 (2006 GBP59,517) for undrawn remuneration payable to Dominion Directors

DOMINION ENERGY PLC

DIRECTORS REPORT(Contd.)

Board changes

We announced the appointment of Dr Michael Ala

Mr Henk Jelsma, Mr Graham Burgess and Mr Robert Stubbs resigned from the Company to pursue their respective business activities

RESULTS AND DIVIDENDS

The results for the year are set out in the group profit and loss account on page 7
The directors do not recommend the payment of a dividend on the ordinary shares

DIRECTORS AND THEIR INTERESTS

The Directors in office during the year were as follows
Mr M Alikhani (Executive Director)
Mr K Sodha (Executive Director)
Mr G Verspyck (Non-executive Director)
Dr M Ala (Non-executive Director) (Appointed 17 May 2007)
Mr R Stubbs (Executive Director) (Resigned 10 January 2007)
Mr G Burgess (Non-executive Director) (Resigned 17 May 2007)
Mr H Jelsma (Executive Director) (Resigned 1 November 2006)

In accordance with the Articles of Association, Mr Verspyck retires and, being eligible, offers himself for re-election None of the directors standing for re-election has a service contract with the Company

The interests (as defined in the Companies Act 1985) of the directors holding office at 30 June 2007 in the share capital of Dominion Energy PLC are shown below

	Ordinary shares of 1p	
	at 30 June 07 or date of resignation	***at 30 June 06 or date of resignation***
Masoud Alikhani	573,000	573,000
Kishor Sodha	1,166,666	1,166,666
Henk Jelsma	1,382,200	1,382,200
Robert Stubbs	416,667	416,667

Issue of shares and warrants

During the year 3,000,000 (2006 111,793,622) ordinary shares were issued at 1 pence each to provide working capital of £150,000 (2006 £4,103,608)

A number of share warrants for key directors, employees and consultants have been approved but no contracts have yet been entered into

ENVIRONMENTAL MATTERS

The group undertakes a review of the environmental matters prior to deciding to proceed with an investment in a new operation Once an investment is made the environmental implications are monitored on a regular basis and where necessary improvements are proposed

CREDITOR PAYMENT POLICY

The Company does not follow any formal payment code but agrees terms with suppliers when opening an account, to ensure the supplier is made aware of these terms and to comply with payment terms agreed

DOMINION ENERGY PLC

DIRECTORS REPORT(Contd.)

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the Company for that period In preparing those financial statements, the Directors confirm.

- suitable accounting policies have been selected and are applied consistently,
- judgments and estimates made are reasonable and prudent;
- applicable accounting standards have been followed,
- the financial statements have been prepared on a going concern basis

The Directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group to enable them to ensure that the financial statements comply with the stated accounting policies They are also responsible for safeguarding the assets of the Company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

AUDITORS

A resolution proposing the re-appointment of Henderson & Co. as auditors will be put to the shareholders at the Annual General Meeting

Approved by the Board of Directors and signed on its behalf by

Mr M Alikhani
Director
2nd Floor, 19/20 Grosvenor Street
London
W1K 4QH

30 November 2007

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF DOMINION ENERGY PLC

We have audited the financial statements on pages 7 to 19 which have been prepared under the historical cost convention in accordance with the accounting policies as set out in pages 11 and 12

This report is made solely to the company's members, as 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' responsibility for preparing the financial statements in accordance with applicable laws, and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities, on page 4

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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, 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.

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF DOMINION ENERGY PLC

Opinion

In our opinion·

* the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and the Group as at 30 June 2007 and of its loss and cash flow of the group 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 for the year ended 30 June 2007

Henderson & Co

Henderson & Co
Chartered Accountants and Registered Auditor
87 Devonshire Road
London
N13 4QU

30 November 2007

DOMINION ENERGY PLC
GROUP PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2007

	Notes		30.06.07 £		30.06.06 £
TURNOVER	2		-		130,230
Depreciation and amortisation		(26,833)		(16,287)	
Goodwill on consolidation written back		-	(26,833)	9,299	(6,988)
Other cost of sales			-		(145,379)
GROSS LOSS			**(26,833)**		**(22,137)**
Administrative expenses			(610,509)		(253,970)
OPERATING LOSS	3		**(637,342)**		**(276,107)**
Interest receivable and similar income			1,390		-
Profit on sale of subsidiary			-		54,012
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			**(635,952)**		**(222,095)**
Tax on loss on ordinary activities	4		-		-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION			**(635,952)**		**(222,095)**
Loss per share			**(0.290) p**		(0 202)p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended to 30 June 2007

	Notes	30.06.07 £	30.06.06 £
Loss for the financial year		(635,952)	(222,095)
Exchange differences on translation into sterling of net assets of subsidiary undertaking		110,706	56,768
Total gains and losses recognised in the financial year	**14**	**(525,246)**	**(165,327)**

Company is no longer involved in the production of oil and gas in USA

Company has acquired the rights of oil and gas production in 2 sectors in Tunisia

DOMINION ENERGY PLC

GROUP BALANCE SHEET
as at 30 June 2007

	Notes	30.06.07 £	30.06.06 £
FIXED ASSETS			
Intangible assets	7	3,260,121	3,260,121
Tangible assets	8	436,204	51,098
Investment	9	50,000	50,000
		3,746,325	**3,361,219**
CURRENT ASSETS			
Debtors	10	3,366,540	1,634,764
Cash at bank and in hand		39,409	2,570,801
		3,405,949	**4,205,565**
CREDITORS			
Amounts falling due within one year	11	(408,578)	(447,842)
NET CURRENT LIABILITIES		**2,997,371**	**3,757,723**
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,743,696**	**7,118,942**
CAPITAL AND RESERVES			
Called up share capital	12	2,194,540	2,164,540
Share premium account	13	6,121,505	6,001,505
Exchange reserve	13	-	(110,706)
Profit and loss account	13	(1,572,349)	(936,397)
SHAREHOLDERS' FUNDS	**14**	**6,743,696**	**7,118,942**

These financial statements were approved by the Board of Directors on 30 November 2007 and signed on behalf of the Board of Directors

Mr M Alikhani

DOMINION ENERGY PLC

COMPANY BALANCE SHEET
as at 30 June 2007

	Notes	30.06.07 £	30.06.06 £
FIXED ASSETS			
Tangible assets	8	1,812	2,622
Investment in subsidiary undertakings	9	3,183,053	3,183,053
Investment	9	50,000	50,000
		3,234,865	3,235,675
CURRENT ASSETS			
Debtors	10	4,070,134	1,882,021
Cash at bank and in hand		13,830	2,529,293
		4,083,964	4,411,314
CREDITORS			
Amounts falling due within one year	11	(343,570)	(431,910)
NET CURRENT LIABILITIES		3,740,394	3,979,404
TOTAL ASSETS LESS CURRENT LIABILITIES		6,975,259	7,215,079
CAPITAL AND RESERVES			
Called up share capital	12	2,194,540	2,164,540
Share premium account	13	6,121,505	6,001,505
Profit and loss account	13	(1,340,786)	(950,966)
SHAREHOLDERS' FUNDS		6,975,259	7,215,079

These financial statements were approved by the Board of Directors on 30 November 2007 and signed on behalf of the Board of Directors

Mr M Alikhani

DOMINION ENERGY PLC
GROUP CASH FLOW STATEMENT
for the year ended 30 June 2007

	Notes	*2007* £	*2006* £
Net cash outflow from operating activities	**15**	(2,272,799)	(1,594,616)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,390	0
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**1,390**	**0**
NET CASH OUTFLOW FOR EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of Tangible fixed Assets		(409,983)	51,723
Purchase of Investment		-	(3,112,268)
		(409,983)	**(3,060,545)**
CASH OUTFLOW BEFORE FINANCING		**(2,681,392)**	**(4,655,161)**
FINANCING ACTIVITIES			
Issue of ordinary shares		150,000	7,215,876
NET CASH INFLOW FROM FINANCING		**150,000**	**7,215,876**
(DECREASE)/INCREASE IN CASH	16	**(2,531,392)**	**2,560,715**

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (note 16)

	£	£
(DECREASE)/ INCREASE IN CASH	(2,531,392)	2,560,715
Movement in net funds during the year	**(2,531,392)**	**2,560,715**
Net funds at 1 July 2006	2,570,801	10,086
NET FUNDS AT 30 JUNE 2007	**39,409**	**2,570,801**

DOMINION ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2007

1 ACCOUNTING POLICIES

Basis of Accounting
The financial statements have been drawn up under the historic cost convention, in accordance with applicable accounting standards and on a going concern basis since the directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which demonstrate that the Company will be able to continue to trade and to meet its liabilities as they fall due.

Basis of consolidation
The group financial statements consolidate the financial statements of the Company and its operating subsidiary undertaking No profit and loss account is presented for the Company as permitted by Section 230 of the Companies Act 1985

Foreign Exchange
Transactions of UK company denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of transaction Any foreign exchange differences are taken to the profit and loss account Balances at the year end denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date

Assets and liabilities of foreign currency subsidiary undertakings are translated into sterling at closing rates of exchange, profit and loss financial statements are translated at average rates of exchange The exchange differences resulting from the translation at closing rates of net investments in foreign currency subsidiary undertakings, together with the differences between profit and loss statements translated at average rates and at closing rates, are taken to reserves and separately identified as an Exchange Reserve

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

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2007 (continued)

(Accounting Policies - continued)

Tangible fixed asset
Costs of acquiring undeveloped acreage and of successful exploration and appraisal activity are capitalised Unsuccessful exploration and appraisal activity and geology and geophysical costs are expensed

Costs of acquiring developed acreage, drilling and equipping productive wells, including development dry holes, related production facilities and related pre-production interest are capitalised All capitalised exploration and development costs are classified as tangible assets

Depreciation and amortisation

The acquisition costs of acreage for which there are no developed plans are amortised over the lives of the related leases or such shorter periods as necessary to fully depreciate the acreage. Depreciation and amortisation of successful exploration and appraisal acreage, wells and oil and gas production equipment is determined under the unit of production method based on the estimated proven producing oil and gas reserves by field. Under the unit of production method, the effects of any changes in estimates are dealt with prospectively Additional depreciation charges are provided for field assets where the directors consider that there has been an indicator of impairment and the test, carried out in accordance with FRS11, results in an impairment of the assets

Depreciation of other fixed assets is determined under the straight line method using various rates upto 20 per cent, designed to write off assets over their estimated useful lives

Deferred taxation
Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future

DOMINION ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2007 (continued)

2 TURNOVER AND SEGMENTAL INFORMATION

Turnover represents the amount of goods sold and services provided during the year stated net of any value added tax or any royalty interests to external customers There was no turnover for the year ended 30 June 2007 In the year ended 30 June 2006,all of the group's turnover was derived from the production and sale of oil and natural gas in the United States of America

	Profit (Loss) analysis		Asset (liability) analysis	
	30.06.07	30.06.06	30.06.07	30.06.06
	£	£	£	£
Tunisian Activities	(117,511)	(94,678)	(117,511)	(94,678)
Bermudan Activities	(32,911)		(32,911)	
US activities (Discontinued Activity from 01 January 2006)	-	(55,173)	0	0
UK Head office	(486,920)	(70,695)	6,854,709	4,642,819
Loss on ordinary activities before taxation	(637,342)	(220,546)	6,704,287	4,548,141
UK net interest expense/income	1,390	(1,549)		
Loss on ordinary activities before taxation	**(635,952)**	**(222,095)**		
Total operating assets			6,704,287	4,548,141
Cash			39,409	2,570,801
Total net assets			**6,743,696**	**7,118,942**

3 OPERATING LOSS

		30.06.07	30.06.06
		£	£
Operating loss is stated after charging			
In cost of sales			
Depreciation		26,833	16,287
Goodwill written back		-	(9,299)
In administrative expenses			
Auditors' remuneration	- audit services	5,500	4,500
	- non audit services	4,500	5,500

4 TAXATION

No liability to U K Corporation Tax or Tunisian Tax arises based on the results for the year The group is carrying tax losses in UK and Tunisia which are available for relief against future taxable profits

5 LOSS PER ORDINARY SHARE

The loss per share of 0 290 pence (2006 loss 0 202 pence) has been calculated on the loss of £635,952 (2006 loss £222,095) and on 219,223,821 (2006 109,770,937) ordinary shares, being the weighted average number of ordinary shares issued during the year ended 30 June 2007

6 DIRECTORS AND STAFF

The emoluments and remunerations for the year for Directors and staff is as follows

	30.06.07	**30.06.06**
	£	**£**
Highest paid director	**15,000**	**16,972**
Staff costs including directors		
Wages and salaries	36,551	149,832
Social Security costs	4,678	5,504
	41,229	**155,336**

The average monthly number of persons employed by the group during the year, including executive directors

	30.06.07	**30.06.06**
Management	**2**	**2**

7 INTANGIBLE ASSETS - GOODWILL

Group	**30.06.07**	**30.06.06**
Cost	**£**	**£**
At 1 July 2006	3,260,121	(9,299)
Goodwill arising on acqisition of FAPCO	-	3,260,121
Released to profit and loss account	-	9,299
As at 30 June 2007	**3,260,121**	**3,260,121**

Exploration work is ongoing in Tunisia, and hence goodwill has not been amortised

The negative goodwill per the year ended 30 June 2006 arose as a result of the price paid for acquiring the USA subsidiary being less than the aggregate fair value of the subsidiary's net total assets Negative goodwill arose in respect of non-monetary assets and the final balance has been released to profit and loss account

During the year ended 30 June 2006, the USA subsidiary was sold, and the company acquired the entire share capital of First Africa Petroleum Consortium Ltd , a company registered in Bermuda The company owns the concession of oil and gas rights in Fawar and Mazouna areas of Tunisia

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2007 (continued)

8 TANGIBLE ASSETS

	Subsidiary Exploration Costs	*Subsidiary Office equipment & software*	*Subsidiary Motor Vehicles*	*Company Office equipment*	*Group Total*
Cost	£	£	£	£	£
At 1 July 2006	-	10,814	39,950	4,050	54,814
Additions	342,910	42,600	24,472		409,982
At 30 June 2007	**342,910**	**53,414**	**64,422**	**4,050**	**464,796**
Depreciation and amortisation					
At 1 July 2006	-	1,622	666	1,428	3,716
Charge for the period	-	10,729	13,337	810	24,876
At 30 June 2007	**-**	**12,351**	**14,003**	**2,238**	**28,592**
Net book value:					
At 30 June 2007	**342,910**	**41,063**	**50,419**	**1,812**	**436,204**
At 30 June 2006	-	9,192	39,284	2,622	51,098

Exploration costs are ongoing in Tunisia, and no depreciation has been charged

9 INVESTMENTS

a) ***Group & Company***

Cost	
At 1 July 2006 and at 30 June 2007	**50,000**

The investment comprises the cost of company's investment in shares of 1p each in Dominion Mining PLC

b) ***Company***

Cost	
At 1 July 2006 and at 30 June 2007	**3,183,053**

Subsidiary undertakings

The company owns 100 per cent of share capital of First Africa Petroleum Consortium Ltd, company registered in Bermuda The company owns the concession of oil and gas rights in Fawar and Mazouna areas of Tunisia

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2007 (continued)

10 DEBTORS

	Group		Company	
	30.06.07	**30.06 06**	**30.06.07**	**30.06.06**
	£	**£**	**£**	**£**
Amount due from parent undertakıng	-	2	0	2
Amount due from subsıdıary	-	-	707,657	254,870
Other debtors*	3,362,602	1,625,778	3,359,573	1,620,649
Prepayments	3,938	8,984	2,904	6,500
	3,366 540	**1,634,764**	**4,070,134**	**1,882,021**

* Other debtors ınclude

1 £3,174,482 due from OEID company, Iran £1,564,615 was receıved ın October 2007

2 At 30 June 2006, £1,268,000 due from Sasadja, Iran Thıs amount was receıved ın November 2006

11 CREDITORS

	Group	Group	**Company**	Company
- amounts falling due within one year	**30.06.07**	**30 06.06**	**30.06.07**	**30.06.06**
	£	**£**	**£**	**£**
Trade credıtors	89,873	22,727	51,954	17,196
Other taxes and socıal securıty	34,054	27,872	32,550	27,872
Other credıtors	238 293	376,070	238,293	376,069
Accruals	46 359	21,173	20,773	10,773
	408,578	**447,842**	**343,570**	**431,910**

12 SHARE CAPITAL

	30.06.07	**30.06 07**	**30.06 06**	**30.06.06**
	No.	**£**	***No.***	**£**
Ordınary shares of 1p each	300,000,000	300,000,000	300,000,000	300,000,000
	300,000,000	**300,000,000**	**300,000,000**	**300,000,000**
Issued and fully paıd				
Ordınary shares of 1p each	219,453,958	2,194,540	216,453,958	2,164,540
	219,453,958	**2,194,540**	**216,453,958**	**2,164,540**

12 SHARE CAPITAL (continued)

Share warrants and options

A number of share warrants for key directors, employees and consultants have been approved but no contracts have yet been entered into

13 RESERVES

Group

	Share premium	Exchange reserve	Profit and loss account
	£	£	£
At 1 July 2006	6,001,505	(110,706)	(936,397)
Foreign currency translation differences	-	110,706	-
Retained loss for the year	-	-	(635,952)
Issue of shares	120,000	-	-
At 30 June 2007	**6,121,505**	**0**	**(1,572,349)**

Company

	Share premium	Profit and loss account
	£	£
At 1 July 2006	6,001,505	(950,966)
Issue of shares	120,000	-
Retained loss for the year	-	(389,820)
At 30 June 2007	**6,121,505**	**(1,340,786)**

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.06.07	30.06.06
	£	£
At 1 July 2006	7,118,942	183,488
Issue of shares	150,000	7,215,876
Adjustment re diposal of subsidiary	-	(115,096)
Total recognised gains and losses	(525,246)	(165,327)
At 30 June 2007	**6,743,696**	7,118,942

15 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

		2007	*2006*
		£	£
Operating loss		(637,342)	(222,095)
Depreciation	-ordinary	26,833	16,287
	- goodwill amortisation	0	(9,299)
Increase in debtors		(1,731,776)	(1,500,618)
Increase in creditors		(39,264)	19,495
Foreign currency translation differences		108,750	101,613
Net cash inflow/(outflow) from operating activities		**(2,272,799)**	**(1,594,616)**

16 ANALYSIS OF CHANGE IN NET FUNDS

	1 July 2006	Cash flow	30 June 2007
	£	£	£
Cash at bank	2,570,801	(2,531,392)	**39,409**
Net funds	**2,570,801**	**(2,531,392)**	**39,409**

DOMINION ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year to 30 June 2007 (continued)

17 FINANCIAL INSTRUMENTS

In reporting financial instruments, the group has taken advantage of the exemption available under FRS13 not to provide numerical disclosures in relation to short term debtors and creditors

The group's financial instruments comprise cash The main purpose of those financial instruments is to provide financing for the group's operations. The group has various other financial instruments such as trade debtors and trade creditors, that arise directly from its operations

It is, and has been throughout the year under review, the group's policy that no dealing in financial instruments shall be undertaken, except for the purpose of hedging the group's financial risks

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and foreign currency risk The Board considers each of these risks on a regular basis and the group's policy stance towards each of these risks has remained unchanged during the year

Interest rate and liquidity risks

The group finances its operations through a mixture of equity capital and cash. The group has financed its acquisitions primarily through the issue of shares and share warrants.

Foreign currency risk

Although the group is based in the UK, it has significant investment in Tunisia, and had significant investment in USA As a result, the group's sterling balance sheet can be affected by movements in the US Dollar as well as the Tunisian Dinar's exchange rate The movements in the year have not been material