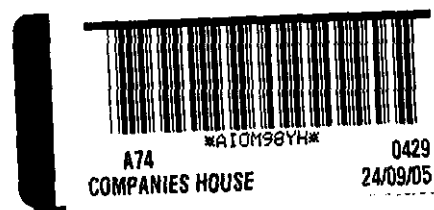


**FirstAfrica Oil Plc (formerly Financial
Development Corporation Plc and
Hansard Group Plc)**

Report and Financial Statements

Year Ended

28 February 2005



FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Annual report and financial statements for the year ended 28 February 2005

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Directors

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FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Directors and advisers

Directors	Brian Menell	(Executive Chairman)
	Gordon Hall	(Non-Executive Director)
	His Highness Sheikh Al Maktoum	(Deputy Non-Executive Chairman)
	Michael Jones	(Chief Executive Officer – during the year)
	Robert Rainey	(Chief Financial Officer)
	Alain Mizelle	(Director of Exploration)
	Anthony Marsh	(Non-Executive Director)
	Nigel Gordon	(Non-Executive Director)
	Robert Kirchner	(Chief Executive Officer – since year end)

Secretary Stringer Savill

Company number 04006418

Registered office and business address 14 Kinnerton Place South, London, SW1X 8EH.

Registrars Computershare Investor Services Plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 1XD.

Auditors BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

Solicitors S J Berwin, 222 Gray's Inn Road, London, WC1X 8XF.

Nominated Adviser and Broker Evolution Securities, 100 Wood Street, London, EC2V 7AN.

Principal bankers HSBC Bank Plc, 152 Portobello Road, Notting Hill, London, W11 2DZ.

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FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Chairman's statement

It is my pleasure to present my first Chairman's Statement for FirstAfrica Oil plc ("FirstAfrica" or "the Company") for its financial year ended 28 February 2005.

On 8 February 2005, our holding company, Energem Resources, Inc ("Energem"), acquired a controlling interest in FirstAfrica by means of a takeover. The financial statements and other reports presented to shareholders together with this report include the results of activities undertaken by FirstAfrica prior to the takeover. These activities by FirstAfrica, then named Financial Development Corporation Plc, were fully concluded by November 2004, where after FirstAfrica became and was a dormant cash shell company up to the time of the takeover and change of name. The information contained therefore in these reports is thus largely historic and of no relevance to the current activities of the re-constituted FirstAfrica except that, on takeover, the Company had approximately £6 million cash in hand and no significant liabilities.

The full effect of the takeover was set out in an AIM admission document dated 14th January 2005. The required Shareholders approvals for the transactions constituting the takeover as described in the admission document were obtained on 7 February 2005. The Company commenced trading as the re-constituted FirstAfrica Oil plc on AIM from 8 February 2005.

With effect therefore from 8 February 2005, FirstAfrica became and continues as an Africa focused upstream oil company engaged in the acquisition, exploration and development of oil resource assets with the view to the ultimate production of crude oil and gas.

The transactions that were concluded on 8 February 2005 brought to FirstAfrica two upstream oil assets in Gabon, West Africa. The two assets are; the offshore East Orovinare oil field discovery (EOV) together with a number of prospects in the permit area and the onshore Epaemeno exploration permit, plus two options to acquire from Energem two upstream exploration and exploitation assets, the Chad Asset and the Congo Asset through the acquisitions of two further companies. All these assets were acquired from Energem and the entire transaction was settled by a fresh issue of 1,122 million FirstAfrica shares, as has been more fully described in the AIM document.

Shareholders in the Company immediately prior to the takeover retained an approximate 25% interest in the Company following the fresh issue of shares and Energem simultaneously disposed of a portion of its acquired holding to a consortium of institutional investors and retained a 51% controlling interest in FirstAfrica.

Subsequent to the takeover of 8 February 2005, FirstAfrica has assumed the management of the Gabon assets and has continued technical evaluation and formulation of development plans and work programmes for the two Gabonese assets. With respect to the EOV oil field discovery, the Company has advanced a potential development scenario for the EOV discovery and a programme for the further evaluation of other potential prospects within the wider EOV permit area is also underway. These plans for development and exploration have been progressed in terms of the relevant underlying permits granted by the Government of Gabon. To supplement Government interface and as anticipation of development actions, the Company has appointed a country manager and opened offices in Port Gentil, Gabon, to manage the Company's activities locally.

As regards the future of FirstAfrica, the Company intends to pursue its stated objective of becoming an African focused developer of upstream assets with a view to the ultimate production of crude oil and gas. Since February 2005, the Company has, through the advancement of the development planning for the Gabon assets moved forward significantly in this objective whilst simultaneously developing its own management infrastructure and skills base.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Chairman's statement (Continued)

In this period the Company has continued to be supported in all its efforts by its holding company Energem, in terms of agreements between FirstAfrica and Energem. Simultaneously, FirstAfrica has commenced with the recruitment of senior executive staff with the view to establishing its own independent skills base and management in terms of its stated objectives, namely to establish an African focused, independent, upstream oil company. To this end, Alan Levison was appointed Senior Vice President, Exploration in March 2005 and more recently in July, Robert Kirchner was appointed to the Board and as Chief Executive Officer, a position filled during the post AIM admission period by Energem's Chief Operating Officer – Oil Projects, Mike Jones.

Together with Energem, and as reported to shareholders under a cautionary announcement on 30th March 2005, the Company has been engaged in negotiations with a substantial third party with the view to the future of the company and its assets. These negotiations are continuing and if successfully concluded will have a material impact. Despite the time it is taking to bring these negotiations to a point of conclusion or to a point when more information can be released, we remain positive that they are progressing satisfactorily. Release of further detail at this time would be premature and prejudice the negotiations which, in terms of the relationship with the major third party participant, are currently required to be kept confidential.

Energem are continuing to pursue the acquisition of a number of African upstream oil assets over which FirstAfrica has a right of first refusal. In the case of the two Energem assets, the Chad and Congo assets, over which FirstAfrica also has options to acquire, Energem remain in the process of evaluating the Chad asset and are pursuing the finalization of the production sharing and acquisition arrangements in respect of the Congo asset.

The Company has however limited funds which, as noted at time of AIM admission, will, on their own, be insufficient to fully realize the Company's development, exploration and acquisition ambitions and, in order to fully realize this potential, funding and/or farm in partners and equity raising will continue to remain under consideration.

The negotiations referred to above, if successfully concluded will add momentum to this strategic purpose and, notwithstanding the success or otherwise of these negotiations, the other activities being undertaken together with Energem are expected, in any event, to provide sufficient upstream opportunities to support the Company's strategic focus and growth, as originally anticipated at time of AIM admission, to realize the Company's ambitions.



Brian Menell
Chairman

31 August 2005

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Corporate governance statement

The Board is accountable to the Company's shareholders for good corporate governance. This statement describes how the principles of corporate governance are applied to the Company and the Company's compliance with the code provisions set out in of the new Combined Code issued by the Financial Reporting Council in July 2003 on corporate governance, so far as the Directors considered it applicable to the size of the Company.

The workings of the board and its committees

The Board is responsible to shareholders for the proper management of the Company. A statement of the Directors' responsibilities in respect of the accounts is set out in the Directors' report.

The Board has a formal schedule of matters specifically requiring its approval. All Directors have access to advice and services of the Company Secretary, who is responsible to the Board for ensuring the Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Audit Committee will meet at least twice a year and will be responsible for ensuring that the financial performance, position and prospects of the Company are monitored and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls. The Remuneration Committee reviews the performance of the Directors and sets their remuneration, determines the payment of any bonus to the Directors and considers the allocation of share options to Directors, employees and consultants.

The Audit Committee and Remuneration Committee are comprised exclusively of Non-Executive Directors. They are as follows:

Gordon Hall
His Highness Sheikh Al Maktoum
Anthony Marsh

The following committees deal with specific aspects of the Company's affairs:

Remuneration Committee

The remuneration committee, chaired by Gordon Hall, is responsible for making recommendations to the Board, within its agreed terms of reference, on the Company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for the Executive Directors, including performance-related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the Non-Executive Directors. The committee meets as it considers necessary.

Further details of the group's policies on remuneration and service contracts are given in the report of the Directors' remuneration on page 5.

Corporate governance statement (*Continued*)

Audit committee

The Audit Committee, chaired by Gordon Hall, provides a forum for reporting by the Company's external auditors. The committee is responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors. The committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors and meets at least twice a year.

Internal control and risk management

The Board is responsible for establishing and maintaining the Company's financial controls. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatements or loss. The key procedures, which the Directors are establishing with a view to providing effective internal control, are as follows:

- ***Management structure***

The Board has overall responsibility for the group and there is a formal schedule of matters specifically reserved for decision by the Board. The Executive Directors have responsibility for specific aspects of the group's affairs. The Board meets regularly to discuss day to day operational matters.

- ***Corporate accounting procedures***

Responsibility levels are communicated throughout the group, setting out the ethos of the group, delegation of authority and authorisation levels, segregation of duties and other control procedures together with accounting policies and procedures. There is no internal audit function as the Directors do not consider that this is necessary for the size of the Company's operations.

- ***Quality and integrity of personnel***

The company's high recruitment standards and subsequent training ensures the quality of personnel which is seen as an essential part of the control environment within the company.

- ***Identification and business risks***

The Board is responsible for identifying the major business risks faced by the group and for determining the appropriate course of action to manage those risks.

- ***Budgetary process***

Each year the Board will approve the annual budget and key risk areas identified. Performance will be monitored and relevant action taken throughout the year through the monthly reporting to the Board of variances from the budget, updated forecasts for the year and information on the key risk areas.

- ***Investment appraisal***

The budgetary process and authorisation levels regulate capital expenditure. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Board. Major overruns are investigated. Due diligence work is carried out if a business is to be acquired.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Remuneration report

The Board is responsible for an overall remuneration package for the executive and non-executive Directors. The package consists of basic salary and benefits. Consideration is given to pay and employment policies elsewhere in the group, especially when considering salary increase.

Fees

Full details of all elements in the remuneration package of each Director for the period are set out below:

	Salaries and benefits	
	2005	2004
<i>Executive Directors</i>		
Iain Ross	-	-
Anthony Marsh	-	-
Robert Rainey	6	-
Adam Reynolds	-	117
Paul Foulger	51	32
Brian Menell	-	-
Michael Jones	-	-
Alain Mizelle	18	-
<i>Non-executive directors</i>		
Sir Richard Needham	-	-
Tony Caplin	-	-
Gordon Hall	15	-
His Highness Sheikh Al Maktoum	4	-
Nigel Gordon	-	-
	<hr/>	<hr/>
	94	149
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No director received any pension entitlements from the company in respect of the year ended 28 February 2005 (2004 – £Nil).

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Remuneration report (*Continued*)

Service agreements

Paul Foulger entered into a Service Agreement dated 20 September 2004. The Service Agreement can be terminated by either party giving not less than one years' notice. Paul Foulger received an ex gratia payment of £25,000 in respect of the termination of his Service Agreement.

Alain Mizelle entered into a Service Agreement in respect of his employment as Director of Exploration. The term's of the agreement include the termination of the contract on one months written notice from either Alain Mizelle or the Company.

As at 28 February 2005 no other Director had a Service Agreement with the company.

The services of Brian Menell, Michael Jones and Robert Rainey are provided to the Company under the terms of a Service Agreement between the company and Energem Resources, Inc. An amount of US\$250,000 per month is payable to Energem Resources Inc in the first year of the agreement. An amount of US\$125,000 per month is payable to Energem Resources, Inc in the second year of the agreement.

Gordon Hall, Anthony Marsh and His Highness Sheikh Al Maktoum have entered into a letter of appointment with the company to act as Non-Executive Director. Each will receive a fee of £25,000 per annum.

Gordon Hall and Anthony Marsh were entitled to receive 1,428,571 ordinary shares on Admission to Aim. Gordon Hall, Anthony Marsh and His Highness Sheikh Al Maktoum are also entitled to receive £30,000 in value of ordinary shares fully paid on each anniversary of Admission to AIM.

His Highness Sheikh Al Maktoum will be entitled to £50,000 in value of ordinary shares pursuant to the company exercising its right of first refusal on sites offered to the Company.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Remuneration report (Continued)

Option agreement

The options held by Directors at any time during the year were as follows:

Director	Exercise price	Date of grant	Term	At 31 March 2004	Grant in period	Exercised in period	Lapsed in period	At 28 February 2005
Adam Reynolds	8.25p	25 November 2002	At any time between 1st and 10th anniversary of grant	5,000,000	-	(5,000,000)	-	-
Paul Foulger	8.25p	25 November 2002	At any time between 1st and 10th anniversary of grant	2,000,000	-	(2,000,000)	-	-
Tony Caplin	10.5p	12 September 2003	At any time between 1st and 10th anniversary of grant	5,000,000	-	(5,000,000)	-	-
Sir Richard Needham	10.5p	12 September 2003	At any time between 1st and 10th anniversary of grant	2,000,000	-	(2,000,000)	-	-
Iain Ross	2.8p	1 July 2004	July 2005 to July 2014	-	1,000,000	(1,000,000)	-	-
				14,000,000	1,000,000	(15,000,000)	-	-

Since the year end the following options have been granted.

Director	Exercise price	Date of grant	Term	Number
Brian Menell	9.8p	23 March 2005	At any time after first anniversary	25,000,000
Alain Mizelle	9.8p	23 March 2005	At any time after first anniversary	10,000,000
Robert Rainey	9.8p	23 March 2005	At any time after first anniversary	20,000,000
Robert Kirchner	9.8p	23 March 2005	At any time after first anniversary	10,000,000
				65,000,000

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Report of the Directors for the year ended 28 February 2005

The Directors present their report together with the audited financial statements for the year ended 28 February 2005.

Results and dividends

The results of the Group for the year are set out on pages 14 and 15 and show a loss for the year of £793,000 (2004 - profit £96,000).

The Directors do not recommend the payment of a dividend (2004 - £Nil).

Principal activities, review of business and future developments

On 25 October 2004 the company changed its name from Hansard Group Plc to Financial Development Corporation Plc. On admission to the Alternative Investment Market the Company changed its name from Financial Development Corporation Plc to FirstAfrica Oil Plc.

The principal activity of the business at the commencement of the reporting period was the provision of public relations services to its corporate clients in order to optimise their communication with shareholders, prospective shareholders and city audience. This trade was disposed of during the year and the company began to deal in equities of listed and unlisted companies. At the year end the Company's principal activity is the exploration and extraction of African oil and gas reserves.

The Directors are satisfied with the results of the Company for the year and consider that the future will provide challenges and rewards for the Company.

Employee involvement

The Group is committed to employees' involvement in the business. Staff are kept informed of the performance and objectives of the company through the publication of results and staff meetings.

Disabled persons

The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with training courses is given to disabled persons. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Policy on the payment of creditors

The Group's policy for the year ended 28 February 2005 for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. Trade creditor days at the year end are 14 days (2004 19 days).

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Report of the Directors for the year ended 28 February 2005

Substantial shareholdings

With the exception of the following, the Directors are not aware of any person, who is interested in 3% or more of the issued share capital of the Company, as at the date of this report.

Name of holder	Number of ordinary shares	Percentage of issued shares %
Credit Suisse First Boston Client Nominees Limited	138,227,183	9.30
Energem Petroleum Corporation Limited	75,187,942	5.06
Forest Nominees Limited	51,258,896	3.45
Gulfofguinea Petroleum Corporation, Inc.	681,573,993	45.9
Nutraco Nominees Limited	97,895,813	6.59
Vidacos Nominees Limited	68,701,411	4.63

Directors and their interest

The Directors of the Company during the year and their beneficial interests in the shares of the Company are as follows:

		Ordinary shares of 1p each	
		28 February 2005	1 March 2004
Tony Caplin	(resigned 25 October 2004)	180,000	180,000
Adam Reynolds	(resigned 25 October 2004)	-	3,920,000
Sir Richard Needham	(resigned 30 September 2004)	-	-
Paul Foulger	(resigned 8 February 2005)	-	200,000
Iain Ross	(appointed 26 April 2004, resigned 19 August 2004)	-	-
Nigel Gordon	(appointed 16 February 2005)	-	-
Brian Menell	(appointed 8 February 2005)	-	-
Robert Rainey	(appointed 8 February 2005)	-	-
Michael Jones	(appointed 8 February 2005)	-	-
His Highness Sheikh Al Maktoum	(appointed 8 February 2005)	-	-
Anthony Marsh	(appointed 8 February 2005)	1,428,571	-
Alain Mizelle	(appointed 8 February 2005)	-	-
Gordon Hall	(appointed 20 October 2004)	1,428,571	-

On 1 July 2005 Robert Kitchner joined the Board.

Further detail on the Directors' interests and remuneration is included on pages 5 to 7 in the Directors Remuneration Report.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Report of the Directors for the year ended 28 February 2005

Auditors

During the year Gerald Edelman resigned as auditors to the Company and BDO Stoy Hayward LLP, were appointed as auditors of the company by the Directors. BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



Director

31 August 2005

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Statement of 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 and Group and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

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

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Report of the Independent Auditors

To the shareholders of FirstAfrica Oil Plc

We have audited the financial statements of FirstAfrica Oil Plc for the year ended 28 February 2005 on pages 14 to 38 which have been prepared under the accounting policies set out on pages 18 to 20.

Respective responsibilities of Directors and Auditors

The Directors' are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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 whether the financial statements have been 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 and other members of the group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the unaudited Directors' Remuneration Report, the Chairman's Statement, and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Report of the independent auditors (Continued)

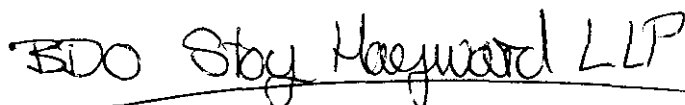
Basis of audit opinion

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 judgements 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 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 at 28 February 2005 and of the loss of the group for the year then ended and the financial statements have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

Date 31 August 2005

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Consolidated profit and loss account for the year ended 28 February 2005

	Note	Continuing operations Acquisition 2005 £'000	Discontinued operation 2005 £'000	Total 2005 £'000	Discontinued Total 2004 £'000
Turnover	2	-	844	844	1,317
Cost of sales		-	(708)	(708)	(551)
Gross profit		-	136	136	766
Administrative expenses		(663)	(843)	(1,506)	(630)
Other operating income		(663)	(707)	(1,370)	136
		-	-	-	9
Operating (loss)/profit	3	(663)	(707)	(1,370)	145
Profit on sale of business operations		-	421	421	-
Interest receivable		156	-	156	7
Amounts written off investments	6	-	-	-	(10)
Interest payable and similar charges	7	-	-	-	(2)
(Loss)/profit on ordinary activities before taxation		(507)	(286)	(793)	140
Taxation on (loss)/profit from ordinary activities	8			-	(44)
(Loss)/profit on ordinary activities after taxation				(793)	96
Earnings per share					
Basic earnings per ordinary shares	9			(0.002)p	0.08p
Diluted earnings per ordinary share				(0.001)p	0.07p

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 18 to 38 form part of these financial statements.

Consolidated balance sheet at 28 February 2005

The financial statements were approved by the Board on 31 August 2005.

The notes on pages 18 to 38 form part of these financial statements.

Company balance sheet at 28 February 2005

The financial statements were approved by the Board on 31 August 2005

The notes on pages 18 to 38 form part of these financial statements.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Consolidated cash flow statement for the year ended 28 February 2005

	Note	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Net cash inflow/(outflow) from Operating activities	26		574		(11)
Returns on investments and servicing of finance					
Interest received		156		7	
Interest paid		-		(2)	
Net cash inflow from returns on investments and servicing of finance			156		5
Taxation			(24)		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		-		(26)	
Exploration costs		(1,418)			
			(1,418)		(26)
Acquisitions and disposals					
Sale of business operations		450		-	
			450		-
Cash outflow before use of liquid resources and financing			(262)		(32)
Management of liquid resources					
Sale of current asset investment		403		-	
Purchase of current asset investments		-		(239)	
Bank deposits		-		174	
			403		(65)
Financing					
Issue of ordinary share capital (net of issue costs)		3,985		176	
Exercise of share options		1,660		-	
			5,645		176
Increase in cash	27		5,786		79

The notes on pages 18 to 38 form part of these financial statements.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and in accordance with guidance in the Statement of Recommendation Practice "Accounting for oil and gas, exploration, development productions and decommissioning activities", and in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of FirstAfrica Oil Plc and all of its subsidiary undertakings as at 28 February 2005 using the acquisition method of accounting. Under the acquisition method, the results of subsidiary undertakings are included from the date of acquisition.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life which ranges from 15 to 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents sales to external customers at invoiced amount less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets over their expected useful lives. It is calculated at the following rates:

Leasehold property	- over the term of the lease
Fixtures, fittings and office equipment	- 25% per annum
Website development cost	- 25% per annum
Motor vehicle	- 25% per annum

Intangible assets

Development expenditure is capitalised, using full cost accounting, where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and authorised over the period during which the Company is expected to benefit, being the economic useful life of the asset. Provision is made for any impairment, where the Directors deem it necessary.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

1 Accounting policies (Continued)

Investments

Fixed assets investments are stated at cost less provision for diminution in value.

Where merger relief is taken, the investment is recorded in the Company's balance sheet at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Current asset investments are stated at the lower of cost and net realisable value.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, which, to the extent that they are used to finance or provide a hedge against foreign equity investments, are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Financial instruments

In relation to the disclosures made in note 31:

- short term debtors and creditors are not treated as financial assets or financial liabilities except for the currency disclosures;
- the group does not hold or issue derivative financial instruments for trading purposes; and

The group's financial instruments comprise short-term borrowings, cash at bank and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these instruments is to raise finance for operations. The group has not entered into derivative transactions and does not trade in financial instruments as a matter of policy. The main risks arising from the group's financial instruments are interest rate risk, liquidity risk, and currency risk. Currency risk arises as the company's main operations are in Africa.

Operations to date have been financed through a placing of shares and it is Board policy to keep borrowings to a minimum. The group has no long-term borrowings. Short-term flexibility is achieved by overdraft facilities.

The group has taken advantage of the exemption in FRS 13 in respect of short-term debtors and creditors.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

1 Accounting policies (Continued)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balance are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital element reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Barter transactions

The company from time to time barter services for an interest in the company to whom it is providing the services. These services are included in the turnover at the value they could have been sold for in the course of trade. The investments acquire are accounted for in accordance with applicable accounting standards.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Liquid resources

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

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (*Continued*)

2 Segmental analysis and operations

Geographical market by origin:

	Turnover £'000	(Loss)/profit before tax £'000	Net assets £'000
2005			
United Kingdom	844	(793)	5,237
Europe and Rest of the World	-	-	-
Africa	-	-	86,830
	<u>844</u>	<u>(793)</u>	<u>92,067</u>
2004			
United Kingdom	1,312	139	803
Europe and Rest of the World	5	1	-
Africa	-	-	-
	<u>1,317</u>	<u>140</u>	<u>803</u>

Class of business

2005			
Public relations	-	-	-
Sale of investments	844	(286)	-
Upstream oil operations	-	(507)	92,067
	<u>844</u>	<u>(793)</u>	<u>92,067</u>
2004			
Public relations	584	62	803
Sale of investments	733	78	-
Upstream oil operations	-	-	-
	<u>1,317</u>	<u>140</u>	<u>803</u>

The discontinued operations relate to the discontinuance of the public relations and investment trading business of the company during the financial year.

The continuing operations relate to the change in trade of the company during the year to an upstream oil operation as disclosed in the Directors' Report.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

3 Operating (loss)/profit

	2005 £'000	2004 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible assets	-	40
Operating lease rental - land and buildings	-	18
Auditors' remuneration - Group	60	13
- Company	40	-
Remuneration of auditors for non-audit work	-	2
	<u> </u>	<u> </u>

Fees paid to the auditors of £30,619 for services relating to the Company's admission to AIM have been set against the share premium reserve.

4 Employees

	2005 £'000	2004 £'000
Staff costs consist of:		
Wages and salaries	139	286
Social security costs	4	36
	<u> </u>	<u> </u>
	143	322
	<u> </u>	<u> </u>

The average number of employees, including directors, during the year was 7 (2004 - 7).

5 Directors' remuneration

	2005 £'000	2004 £'000
Directors' emoluments	94	149
Compensation for loss of office	25	-
	<u> </u>	<u> </u>
	119	149
	<u> </u>	<u> </u>

Compensation for loss of office includes £25,000 ex gratia payment as disclosed in the Remuneration Report.

Further disclosures on the remuneration of each individual director is included in the Remuneration Report.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

6 Income from other investments

	2005	2004
	£'000	£'000
Amounts written off current asset investments	-	10

7 Interest payable and similar charges - group

	2005	2004
	£'000	£'000
On bank loans and overdrafts	-	2

8 Taxation on profit from ordinary activities

	2005	2004
	£'000	£'000
<i>UK corporation tax</i>		
Current tax on profits of the year	-	33
<i>Deferred tax</i>		
Deferred tax charge	-	11
Taxation on profit on ordinary activities	-	44

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

	2005	2004
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(793)	140
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2004 – 19%)	(151)	27
Effects of:		
Expenses not deductible for tax purposes	-	9
Amount written off investments	-	2
Depreciation in excess of capital allowances	-	3
Other tax adjustments	-	3
Tax losses carried forward for utilisation in future periods	151	-
Current tax charge for year	-	44

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

8 Taxation on profit from ordinary activities (Continued)

Factors affecting future tax

The losses of approximately £151,000 will potentially reduce the tax liabilities of the company in future years.

9 Earnings per share

The calculation of the basic earnings per share is based on the loss after tax of £793,000 (2004 - £96,000 profit) and on 453,791,711 (2004 - 119,174,690) ordinary shares being the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on basic earnings per share adjusted to allow for the issue of shares on the assumed conversion of all options resulting in 453,791,711 (2004 - 54,350,000) issued ordinary shares. In the current year the Group has made a loss therefore the options are considered to be antidilutive. The comparatives have been restated to reflect the subdivision of shares during the year.

10 (Loss)/profit for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax and before dividends paid and payable of £793,000 (2004 - £104,000 profit) which is dealt with in the financial statements of the parent company.

11 Intangible assets

Group	Exploration costs £'000	Unevaluated Oil & Gas Properties £'000	Total £'000
<i>Cost</i>			
At 1 March 2004	-	-	-
Additions	170	-	170
On acquisition	1,248	73,684	74,932
	<hr/>	<hr/>	<hr/>
At 28 February 2005	1,418	73,684	75,102
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 March 2004 and at 28 February 2005	-	-	-
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 28 February 2005	1,418	73,684	75,102
	<hr/>	<hr/>	<hr/>
At 29 February 2004	-	-	-
	<hr/>	<hr/>	<hr/>

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

11 Intangible assets (Continued)

The carrying value of the unevaluated oil and gas properties have been determined by using a share price of 7.88p per share (the share price as of suspension). At the date of completion of the transaction the share price of the Company was 12.38p per share. The Directors do not believe that this share price is representative of an orderly market as there was little trade in the company's shares between this time and a number of larger investors were unable to trade due to lock-in agreements. Therefore the Directors believe that the carrying value of the assets determined at 7.88p per share gives a true and fair view of the value of the assets acquired in a stable market.

Exploration costs by geographical area as follow:

	£
Gabon	1,418

12 Tangible assets

Group	Land and property £'000	Office equipment, fixtures and fittings £'000	Website development costs £'000	Motor vehicle £'000	Total £'000
<i>Cost</i>					
At 1 March 2004	75	71	23	22	191
Disposals	(75)	(71)	(23)	(22)	(191)
At 28 February 2005	-	-	-	-	-
<i>Depreciation</i>					
At 1 March 2004	19	39	17	2	77
Disposals	(19)	(39)	(17)	(2)	(77)
At 28 February 2005	-	-	-	-	-
<i>Net book value</i>					
At 28 February 2005	-	-	-	-	-
At 29 February 2004	56	32	6	20	114

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (*Continued*)

13 Fixed asset investments

Group	£'000
<i>Cost</i>	
At 1 March 2004	-
Additions	11,728
	<hr/>
At 28 February 2005	11,728
	<hr/>
<i>Net book value</i>	
At 28 February 2005	11,728
	<hr/>
At 29 February 2004	-
	<hr/>

The additions in the period relate to the Groups exercise of options to acquire GGPC Congo and Energem Chad who held sites in Chad and The Congo.

Company	£'000
<i>Cost</i>	
At 1 March 2004	50
Additions	13,262
Disposals	(50)
	<hr/>
At 28 February 2005	13,262
	<hr/>
<i>Net book value</i>	
At 28 February 2005	13,262
	<hr/>
At 29 February 2004	50
	<hr/>

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

13 Fixed asset investments (Continued)

Company (Continued)

Subsidiary and associated undertakings

The following were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
GGPC Gabon (BVI)	British Virgin Islands	100%	Oil & Gas Exploration
GGPC Epaememo (BVI)	British Virgin Islands	100%	Oil & Gas Exploration

During the year the following investments were disposed of:

Hansard Communications.com Limited
e.communications Limited
Hansard Corporate Limited
Alan Bailey (Studios) Limited

The amounts disclosed as discontinued operations within the profit and loss account relate to the disposal of these companies.

14 Debtors

	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
Trade debtors	37	163	37	-
Other debtors	69	95	69	-
Amounts owed from group undertakings	-	-	-	686
Deferred tax asset (note 17)	-	11	-	-
Prepayments and accrued income	-	10	-	3
	106	279	106	689

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

15 Current assets investments

	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
Listed investments	-	365	-	23
Unlisted investments	-	38	-	-
	<u>-</u>	<u>403</u>	<u>-</u>	<u>23</u>

The market value of the listed investments at 28 February 2005 amounted to £Nil (2004 - £466,000). Investments traded on the Alternative Investment Market have been treated as listed investments.

16 Creditors: amounts falling due within one year

	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
Trade creditors	44	33	44	7
Corporation tax	-	24	-	16
Other taxes and social security	20	41	20	1
Other creditors	-	7	-	-
Accruals and deferred income	757	54	423	-
	<u>821</u>	<u>159</u>	<u>487</u>	<u>24</u>

17 Provisions for liabilities and charges

	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
Deferred taxation				
Balance at 1 March 2004	(11)	(22)	-	(7)
Profit and loss account	11	11	-	7
	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(7)</u>
Balance at 28 February 2005	-	(11)	-	-
Deferred taxation provided in the financial statements is as follows:				
Accelerated capital allowances	-	7	-	-
Tax losses available	-	(18)	-	(7)
	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(7)</u>
Deferred taxation recoverable	-	(11)	-	(7)

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

18 Share capital

	Authorised			
	2005	2004	2005	2004
	Number	Number	£'000	£'000
	'000	'000		
Ordinary shares of 1p each	-	25,000	-	250
Ordinary shares of 0.1p each	2,000,000	-	2,000	-
	<u>2,000,000</u>	<u>25,000</u>	<u>2,000</u>	<u>250</u>
	Allotted, issued and fully paid			
	2005	2004	2005	2004
	Number	Number	£'000	£'000
	'000	'000		
Ordinary shares of 1p each	-	13,550	-	136
Ordinary shares of 0.1p each	1,484,847	-	1,485	-
	<u>1,484,847</u>	<u>13,550</u>	<u>1,485</u>	<u>136</u>

During the year the company subdivided its authorised share capital into 0.1p shares and increased its authorised share capital to 2,000,000,000 ordinary shares of 0.1p each.

In addition the company issued an additional 1,471,299,479 ordinary shares of 0.1p (nominal value £1,471,299) each for a total consideration of £94,012,914.

The following table details the transactions which have occurred during the year.

		Total	Total
		Allotted Issued & fully paid	Consideration
		Number '000	£'000
As at 1 March 2004		13,550	-
31 July 2004	Options exercised	200	17
4 August 2004	Options exercised	218	55
Total ordinary shares of 1p each		<u>13,968</u>	<u>72</u>
Conversion of shares into ordinary shares of 0.1p each		139,680	72
31 August 2004	Shares issued on placing	196,833	5,905
31 August 2004	Options exercised	2,749	82
20 September 2004	Options exercised	2,000	21
28 October 2004	Options exercised	20,100	232
23 December 2004	Shares issued to G Hall & A Marsh	2,857	223
8 February 2005	Shares issued on admission to AIM	1,106,769	84,897
8 February 2005	Options exercised	1,000	28
8 February 2005	Shares issued to Evolution Securities	12,859	450
As at 28 February 2005		<u>1,484,847</u>	<u>91,910</u>

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

18 Share capital (Continued)

At 28 February 2005 the company had granted options over ordinary shares as follows:

EMI Scheme

Exercise price	Date of grant	Term	Opening balance as at 1 March 2004	Granted in year	Exercised in year	Lapsed in period	Closing balance as at 28 February 2005
25p	1 November 2001	Exercisable to 1 November 2004	2,500,000	-	-	(2,500,000)	-
8.25p	1 March 2002	Exercisable to 28 February 2012	4,750,000	-	(2,000,000)	(2,750,000)	-
8.25p	25 November 2002	Exercisable to 24 November 2012	2,000,000	-	(2,000,000)	-	-
10.50p	3 December 2003	Exercisable to March 2004 and December 2013	3,500,000	-	(3,500,000)	-	-
25.5p	23 June 2004	50% in June 2005 and 50% in June 2006	2,600,000	-	(2,600,000)	-	-
			15,350,000	-	(10,100,000)	(5,250,000)	-

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

18 Share capital (Continued)

At 28 February 2005 the company had granted options over ordinary shares as follows:

The Plan

Exercise price	Date of grant	Term	As at 1 March 2004	Exercised in period	Granted in period	Lapsed in period	Closing balance as at 28 February 2005
8.25p	25 November 2002	At any time between 1 st and 10 th anniversary of grant	5,000,000	(5,000,000)	-	-	-
8.25p	25 November 2002	At any time between 1 st and 10 th anniversary of grant	2,000,000	(2,000,000)	-	-	-
10.50p	12 September 2003	At any time between 1 st and 10 th anniversary of grant	5,000,000	(5,000,000)	-	-	-
10.50p	12 September 2003	At any time between 1 st and 10 th anniversary of grant	2,000,000	(2,000,000)	-	-	-
2.8p	1 July 2004	July 2005 to July 2014	-	(1,000,000)	1,000,000	-	-
			14,000,000	(15,000,000)	1,000,000	-	-

The options granted between 1 November 2001 and 3 December 2003 lapsed during the financial year as a result of the Acquisition Agreement.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

18 Share capital (Continued)

At 28 February 2005 the company had granted warrants over ordinary shares as follows:

Warrants

Exercise price	Date of grant	Term	Opening balance as at 1 March 2004	Granted in year	Exercised in year	Lapsed in year	Closing balance as at 28 February 2005
25p	9 November 2000	5 th anniversary of admission	218,500	-	-	(218,500)	-

Details of Share Schemes

The Plan

The Company operates the Plan under which options over 15,000,000 ordinary shares are granted. The plan is not Inland Revenue approved and is not able to offer participants or the Company tax or National Insurance contributions savings. The grant of options is at the discretion of a committee of Directors appointed to administer the scheme.

EMI Scheme

The Company also operates the EMI scheme under which options over 12,850,000 ordinary shares are granted. The EMI scheme allows the Company to grant tax favourable options to eligible participants. The Company EMI options give the participants and the Company the opportunity to activate considerable tax and National Insurance contributions savings compared to non-approved options. Options can only be granted when the value of Group assets does not exceed £30m and to eligible employees who are committed to 25 hours service to the company per week and does not have a material interest in the Company.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

19 Reserves

Group	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000
At 1 March 2004	795	(29)	(99)
Transfer to profit and loss account	-	29	58
Retained loss for the year	-	-	(793)
Net premium on shares issued during the year	17,387	73,234	-
	<u>18,182</u>	<u>73,234</u>	<u>(834)</u>
At 28 February 2005	<u>18,182</u>	<u>73,234</u>	<u>(834)</u>
Company			
At 1 March 2004	795		(41)
Retained loss for the year	-		(793)
Premium on shares issued during the year	18,676		-
Issue costs	(1,289)		-
	<u>18,182</u>		<u>(834)</u>
At 28 February 2005	<u>18,182</u>		<u>(834)</u>

20 Reconciliation of movements in shareholders' funds

	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
(Loss)/profit for the year	(793)	96	(793)	104
Net proceeds from issue of shares	91,970	176	18,816	176
Reserves movement	87	-	-	-
	<u>91,264</u>	<u>272</u>	<u>18,023</u>	<u>280</u>
Net movement in shareholders' funds	<u>91,264</u>	<u>272</u>	<u>18,023</u>	<u>280</u>
Opening shareholders' funds	803	531	890	610
	<u>92,067</u>	<u>803</u>	<u>18,913</u>	<u>890</u>
Closing shareholders' funds	<u>92,067</u>	<u>803</u>	<u>18,913</u>	<u>890</u>

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

21 Acquisitions

(a) Acquisition of GGC Gabon and GGPC Epaemeno

On 8 February 2005 the Group acquired GGPC Gabon and GGPC Epaememo for £74,598,000 financed by the issue of 150,375,884 ordinary shares of 0.1p each.

In calculating the goodwill arising on acquisition, the fair value of net assets of the companies have been assessed and adjustments from book value have been made where necessary. These adjustments are summarised in the following table:

	Book value £'000	Revaluation of inter-group creditor £'000	Revaluation of intangible assets £'000	Fair value to the group £'000
Fixed assets				
Unevaluated Oil & Gas Assets	1,248	-	73,684	74,932
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	1,248	-	73,684	74,932
	<hr/>	<hr/>	<hr/>	<hr/>
Creditors	(1,248)	914	-	(334)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	-	914	73,684	74,598
	<hr/>	<hr/>	<hr/>	<hr/>
Consideration*				74,598
Net assets acquired				74,598
				<hr/>
Goodwill arising on acquisition				-
				<hr/>

* The value of the consideration has been determined by using a share price of 7.88p per share (the share price as of suspension). At the date of completion of the transaction the share price of the Company was 12.38p per share. The Directors do not believe that this share price is representative of an orderly market as there was little trade in the company's shares between this time and a number of larger investors were unable to trade due to lock-in agreements. Therefore the Directors believe that the carrying value of the assets determined at 7.88p per share gives a true and fair view of the value of the assets acquired in a stable market.

The revaluation of the inter-group creditor relates to the cancellation of the creditor under the acquisition agreement.

The Directors have revalued the oil and gas assets acquired having considered reports from independent experts.

The companies acquired did not have any trading results prior to acquisition.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

22 Discontinued operations

During the year the group disposed of Hansard Communications.com Limited, e.communications Limited, Hansard Corporate Limited and Alan Bailey (Studios) Limited.

The profit on disposal of companies has been calculated as follows:

	£'000	£'000
Cash proceeds		450
Net assets disposed of:		
Tangible fixed assets	(114)	
Debtors	(29)	
Cash	-	
Creditors	114	
		(29)
Profit before goodwill and tax		421
Profit on disposal		421
The net inflow of cash in respect of the sale of the companies are made up as follows:		
		£'000
Cash consideration		450

23 Capital commitments

Under the terms of the licence agreements the Company has entered into with the Gabonese Government they are committed to the following expenditure within the initial stages of the licences (between 1 and 3 years):

- US\$1,100,000 per annum in respect of exploration;
- US\$ 75,000 per annum in respect of the maintenance of equipment; and
- US\$ 205,000 per annum in respect of training

Under the terms of the service agreement between the company and Energem Petroleum Corporation Limited, agreed on the Company's Admission to AIM, the Company has committed to pay the following amounts in respect of the services of management:

- US\$ 250,000 per month during the first year of the agreement; and
- US\$ 125,000 per month during the second year of the agreement

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

24 Commitments under operating leases

As at 28 February 2005, the group had annual commitments under non-cancellable operating leases as set out below:

	2005 Land and buildings £'000	2004 Land and buildings £'000
Operating leases which expire:		
After five years	-	17,500
	<hr/>	<hr/>

25 Related party transactions

During the year the company paid approximately £370,000 (2000 - £Nil) to Energem Petroleum Corporation Limited ("Energem") in respect of management fees. Energem is a related party of the company through its and its group's interest in the share capital of the company.

During the year the Company acquired the Chad & Congo assets (as described in the Chairman's report) from Energem for the issue of 150,375,884 ordinary shares at 0.1p each in the Company.

26 Reconciliation of operating (loss)/profit to net cash outflow from operating activities

	2005 £'000	2004 £'000
Operating (loss)/profit	(1,370)	145
Depreciation	-	40
Decrease/(increase) in debtors	173	(165)
Increase/(decrease) in creditors	1,350	(31)
Profit on sale of business operations	421	-
	<hr/>	<hr/>
	574	(11)
	<hr/>	<hr/>

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

27 Reconciliation of net cash inflow to movement in net funds

	2005 £'000	2004 £'000
Increase in cash in the year	5,786	79
Cash outflow from decrease in liquid resources	-	65
Disposal of current asset investments	(403)	-
	<hr/>	<hr/>
Change in net fund resulting from cash flows	5,383	144
Amounts written off short-term investments	-	(10)
	<hr/>	<hr/>
Movement in net funds in the year	5,383	134
Opening net funds	569	435
	<hr/>	<hr/>
Closing net funds	5,952	569
	<hr/>	<hr/>

29 Analysis of net funds

	At 1 March 2004 £'000	Cash flow £'000	At 28 February 2005 £'000
<i>Net cash:</i>			
Cash at bank	166	5,786	5,952
	<hr/>	<hr/>	<hr/>
	166	5,786	5,952
	<hr/>	<hr/>	<hr/>
<i>Net funds:</i>			
Current assets investments	403	(403)	-
	<hr/>	<hr/>	<hr/>
	403	(403)	-
	<hr/>	<hr/>	<hr/>
Net funds	569	5,383	5,952
	<hr/>	<hr/>	<hr/>

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (Continued)

30 Cash flow relating to acquisitions and disposals

	Acquisitions £'000	Disposals £'000
Operating cash flows:		
Returns on investment and servicing of finance	1,281	(707)
Taxation	156	-
Capital expenditure and financial investment	-	(24)
Acquisition and disposals	(1,418)	-
Management of liquid resources	5,645	403
Financing	450	-
	<hr/>	<hr/>
	6,114	(328)
	<hr/>	<hr/>

31 Financial instruments

The only financial assets (other than short-term debtors) are cash at bank held at variable interest rates. Amounts held in sterling at 28 February 2005 were £5,952,000 (2004 - £166,000).

During the year to 28 February 2005 the group incurred £Nil (2004 - £2,000) interest charges and had no bank overdraft (2004 - £Nil). The directors are of the opinion that further disclosures regarding the interest rate profile under FRS 13 would not be meaningful.

There is no material difference between the book and fair value of financial assets and liabilities.

32 Post balance sheet events

Since the year end the company have used the following share options:

Director	Exercise price	Date of grant	Term	Number
Brian Menell	9.8p	23 March 2005	At any time after first anniversary	25,000,000
Alain Mizelle	9.8p	23 March 2005	At any time after first anniversary	10,000,000
Robert Rainey	9.8p	23 March 2005	At any time after first anniversary	20,000,000
Robert Kirchner	9.8p	23 March 2005	At any time after first anniversary	10,000,000
				<hr/>
				65,000,000
				<hr/>

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notes forming part of the financial statements for the year ended 28 February 2005 (*Continued*)

33 Ultimate controlling party

At 28 February 2005 the company's ultimate controlling party was Energem Resources, Inc. a company registered in Canada and listed on the Toronto Stock Exchange which is the parent of both the smallest and largest groups of which the company is a member.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Supplementary Oil and Gas Information - unaudited

The Company's interests in commercial reserves of oil as at 28 February 2005 are included in the table below:

Operated assets

UK classification	P1 mmbbl	P1+P2 mmbbl
Africa		
Attributable resources on acquisition (STOIIP)	13.53	23.09
Revisions (STOIIP)*	5.67	7.19
Resources as at 28 February 2005 (STOIIP)	19.20	31.00
<hr/>		
Total recoverable reserves as at 28 February 2005	6.53	11.45

* Since publication of the Competent Person's Report included in the 29 December, 2004 AIM submission document, additional geophysical and geological data have been obtained that have allowed further independent evaluation of the subsurface features of the EOY discovery to be mapped and assessed in greater detail.

Notes:

1. Reserves are defined as per the International Society of Petroleum Engineers (SPE) classification scheme.
2. Technical studies relating to the EOY discovery have been undertaken by Exploration Consultants Limited under service arrangements with FirstAfrica.

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notice of meeting

Notice is hereby given that the 2005 Annual General Meeting of FIRSTAFRICA OIL PLC will be held at 8 Baker Street, London W1U 3LL on 23 September 2005 at 12:00 noon to transact the following business:

Ordinary Business

- 1 To receive and adopt the Directors Report and the Audited Accounts of the Company for the period ended 28 February 2005.
- 2 To elect Robert Kirchner, who retires by rotation in accordance with the Articles of Association of the Company, as a director.
- 3 To re-elect Gordon James Hall, who retires by rotation in accordance with the Articles of Association of the Company, as a director.
- 4 To appoint BDO Stoy Hayward LLP as auditors of the Company to hold office until the conclusion of the next general meeting of the Company before which accounts are laid.
- 5 To authorise the directors to determine the remuneration of the auditors.

Special Business

To consider and, if thought fit, pass the following resolutions of which Resolution 6 will be proposed as an Ordinary Resolution and Resolution 7 will be proposed as a Special Resolution:

- 6 THAT the Directors of the Company be hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985, in substitution for all existing authorities, to allot relevant securities up to an aggregate nominal amount of £515,153 for the period expiring 15 months after the date on which this resolution is passed or the date upon which the next annual general meeting of the Company is concluded, whichever is the earlier (provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired).
- 7 THAT the Directors be hereby generally empowered, in substitution for all existing authorities, to allot or make offers or agreements to allot equity securities (within the meaning of section 94 of the Companies Act 1985) pursuant to the authority granted by Resolution 6 above as if Section 89(1) of the Companies Act 1985 did not apply to any such allotment, provided that this power shall be limited:
 - (a) to the allotment of equity securities in connection with a rights issue, open offer or otherwise in favour of the holders of equity securities on the register of members of the Company on a date fixed by the Board in proportion (as nearly as may be) to their respective holdings or in accordance with the rights attaching to such equity securities but subject to such exclusions or other arrangements as the Directors consider necessary or expedient in connection with fractional entitlements to shares or on account of either legal or practical problems arising in connection with the laws of any territory, or of the requirements of any recognised regulatory body or stock exchange in any territory;
 - (b) to the allotment of equity securities pursuant to the terms of any share option scheme adopted by the Company; and
 - (c) to the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities up to an aggregate nominal amount of £51,515,

FirstAfrica Oil Plc (formerly Financial Development Corporation Plc and Hansard Group Plc)

Notice of meeting (Continued)

and the authority conferred shall expire 15 months after the date on which this Resolution is passed or on the date upon which the next annual general meeting of the Company is concluded (whichever is the earlier) but may be revoked or varied by Special Resolution and so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired).

By Order of the Board

31 August 2005

Nigel Raymond Gordon

Secretary

Registered in England under number 04006418.

Registered Office: 2nd Floor, 1 Cavendish Place, London W1G 0QD.

Notes

- (1) A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not be a member of the Company. Signing and returning a proxy will not preclude a member from attending and voting at the meeting.
- (2) Forms of proxy are provided and to be valid must be completed and lodged together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, at the Company's registrars [, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol, BS99 3TA], not less than 48 hours before the meeting or any adjournment thereof or, in the case of a poll, not less than 24 hours before the time appointed for taking the poll.
- (3) To be entitled to attend and vote at the annual general meeting (and for the purpose of determining the number of votes a member may cast), members must be entered on the register of members of the Company by 12:00 noon on 21 September 2005. Changes to entries on the register of members of the Company after such time and date shall be disregarded in determining the right of any person to attend and vote at the meeting.
- (4) There will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice until the date of the annual general meeting and at the place of the meeting for 15 minutes prior to and during the meeting:
 - (a) the register of interests of directors (and their families) in shares of the company kept in accordance with Section 325 of the Companies Act 1985;
 - (b) copies of the contracts of service between the directors and the Company or any of its subsidiaries (other than contracts expiring or determinable by the Company without compensation within one year); and
 - (c) a copy of the Company's memorandum and articles of association.