Andes Energia plc

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

(Company No. 5083946)

Andes Energia plc

CONTENTS

Andes Energia plc

OVERVIEW

HIGHLIGHTS

Andes Energia plc ("Andes" or the "Company" and with its subsidiaries the "Group") is a Latin American energy group, with electricity distribution, hydroelectric power and oil and gas interests in Argentina and certain other exploration interests outside Argentina

The Group was created through a reverse takeover of Ragusa Capital plc The Group's focus is on the Argentinean energy sector, which it believes offers premium assets at undervalued prices Its principal assets are a 51% indirect controlling interest in the main electricity distribution company in the Province of Mendoza ("EDEMSA"), an indirect controlling 47% interest in a 60MW hydroelectric power plant in the Province of Chubut ("HASA") and oil and gas interests in Argentina which include four exploration licences covering nine licence blocks in the San Jorge and Neuquen basins

Financial

Year ended 31 December	2007	2006	Change
	US$'m	US$'m	
Revenue	111	97	14 4%
EBITDA(1)	9	6	50 0%
Profit/(loss) before tax(2)	70	(22)	n/a
Profit/(loss) for the year attributable to equity holders	7	(10)	n/a
Gross debt(3)	73	161	US$(88)m

(1) Before exceptional charges of US$16 2m (2006 nil)
(2) After finance income of US$89m resulting from EDEMSA debt restructure and after exceptional charges of US$16 2m
(3) Debt stated at fair value

Operational

The reverse acquisition was completed on 2 October 2007 at which date the Group acquired an indirect interest of 25 5% in EDEMSA and certain oil and gas interests in Argentina Since then the Group has successfully completed a number of notable milestones

- Acquisition of a further 25 5% indirect interest in the share capital of EDEMSA with effect from 21 February 2008 Andes now owns indirectly 51% of EDEMSA

- Increase in EDEMSA's EBITDA for the year ended 31 December 2007 to US$11 million from US$6 million in the previous year

- Acquisition of 80% of the share capital of Hidroelectrica del Sur S A ("HDS") with effect from 15 October 2007 HDS owns 59% of HASA, which has a 50 year concession to operate the 60 megawatts "Ameghino" hydroelectric power plant located in the Province of Chubut, Argentina

- On 8 November 2007 entered into an option agreement to acquire a 50% interest in a producing oil field in the province of Mendoza

- Acquisition on 23 November 2007 of an option to acquire a 20% interest in the Corralera and Mata Mora blocks in the province of Neuquen, a major gas producing basin in Argentina

- Increase in electricity tariffs charged by EDEMSA by between 10% and 27%, implemented on 1 February 2008 This equates to an average tariff increase of 20% The result of a further general tariff review is due to be implemented on 1 August 2008 although this may be deferred until the first half of 2009

- Receipt of notification that the shareholders of Patagonia Oil & Gas S A ("Patagonia"), Andes's consortium partner in certain oil and gas interests, had entered into a funding agreement with PetroSaudi International Limited ("PetroSaudi")

- Interests maintained in certain other early stage gas and mineral exploration assets outside Argentina

- Geochemical and aerogravity/aeromagnetic exploration activities commenced on the licence blocks in the San Jorge basin

Andes Energia plc

CHAIRMAN'S STATEMENT

Introduction

In the year under review the Company has been transformed from a small investment company into a well-capitalised AIM quoted group with electricity distribution, hydroelectric power and oil and gas interests in Argentina

We are extremely grateful to all the staff who have worked tirelessly to ensure that the initial key goals and objectives set by the Board have been achieved

Overview

Our 2007 financial results represent the results of Andes together with its subsidiaries for the year ended 31 December 2007 These incorporate the results of the Sodem S A ("SODEMSA") group for the full year and for acquired subsidiaries from the date of acquisition The acquisition of SODEMSA by the Company has been accounted for as a reverse acquisition and the consolidated results represent a continuation of the financial information of the SODEMSA group

The Group recorded profit before tax of US$70 million on revenue of US$111 million for the year compared to a loss of US$22 million on revenue of US$97 million in 2006 Profit after tax attributable to equity shareholders was US$7 million compared to a loss of US$10 million in 2006 Basic earnings per share was US$0 15 for the year compared to a loss per share of US$0 35 in 2006 In line with the dividend policy set out in the Group's re-admission document, no dividend is proposed

These results primarily reflect the US$89 million benefit of a successful restructure of EDEMSA's debt and the impact of an electricity tariff increase approved in 2006 They are also stated after exceptional charges of US$16 million for goodwill impairment

The results of HASA, our hydroelectric power plant, were adversely impacted by historically low rain and snowfall and the resulting lower water levels

With regard to our oil and gas interests, the consortium, in which the Group is a partner, has established a professional team and since re-admission has focused on acquiring, analysing and interpreting data In February 2008, we received notification that Patagonia, our consortium partner in certain oil and gas interests, had entered into a funding agreement with PetroSaudi, which could provide funding up to US$95 4 million PetroSaudi has agreed to invest US$39 5 million in the first year of the agreement with an option to invest an additional US$55 million in the second and third years

Funding

On 2 October 2007 the Company raised approximately US$13 million at 54 pence per share at the time of its re-admission to AIM in conjunction with its acquisition of certain oil and gas interests in Argentina, a 50% indirect interest in SODEMSA, an option over the remaining 50% and an option to acquire a 80% interest in HDS This helped to fund the exercise of the HDS option, to acquire an indirect 47 2% interest in the Ameghino hydroelectric power plant

The Company raised a further US$18 3 million through a placing of new shares at £1 00 per share towards the end of 2007 and secured a US$5 0 million loan facility The net proceeds of the placing and the loan facility were then used in early 2008 to part fund the acquisition of the remaining 50% indirect interest in SODEMSA and the acquisition of a 20% participation in two licence blocks in the Neuquen basin

At the year end the parent company, Andes Energia plc, held US$21million in cash resources

Outlook

Recent events have confirmed our belief that the electricity industry is behind the adjustment process that the Argentinean economy in general has undergone and that further tariff increases will be approved with a consequential increase in our revenues and profits The effects of the debt restructure and part of the tariff increase implemented on 1 February 2008 are reflected in the 2008 first quarter results for EDEMSA announced earlier this month, which showed an increase in EBITDA to US$ 4 8 million from US$ 3 2 million in 2006

In the longer term, management is hopeful that tariff adjustments will be made to align investment returns with the higher returns achievable in other South American countries Near term, however, HASA's results will be under pressure from the historically low levels of snow and rainfall so far recorded in 2008 Nonetheless, a positive result and cash flows are still anticipated

CHAIRMAN'S STATEMENT (continued)

Outlook (continued)

The Group's prime focus in 2008 will be the continued development of its oil and gas interests in Argentina The Group has secured licences in prolific oil and gas provinces in Argentina all of which have the potential for significant discoveries and reserves Six of our licence blocks are located in the same basin where Pan American Energy, which is controlled by BP Plc, recently announced a discovery of 100 million barrels of new reserves 50% of Argentinean reserves are estimated to lie in this basin

With our attractive asset portfolio, strong balance sheet and excellent contacts we believe that Andes has the potential to be a significant player in Argentinean oil and gas exploration and production

On the operational side, airborne seismic work and interpretation of data continues The fact that our consortium partner has entered into a funding agreement with PetroSaudi is excellent news and will aid the continued development of the consortium's licences as well as confirming the quality of the consortium's assets

The Group is currently formalising its exploration activities for the remainder of this year and is looking forward to providing an update on exploration programs by the end of June

We believe the Group is now in an excellent position to build on the successes we have achieved since re-admission and the next 12 months should be a very exciting period for the Group as we look to continue to grow and develop our portfolio of assets with the aim of creating substantial shareholder value

Michael Stevens
Chairman
25 June 2008

Andes Energia plc

CHIEF EXECUTIVE'S REVIEW

Introduction

It is my pleasure to report to you for the first time on the development of our assets in Argentina I would like to share with you the significant events that have occurred since I took office and explain the strategies which underpin them and will determine our future operations

Much of our work during 2007 has been geared towards streamlining the organisation, setting up a professional team and developing a stable cash flow stream from our utility companies

Our initial focus on EDEMSA has allowed us to finance and acquire sole control of the largest electricity distributor in Mendoza However, whilst the electricity revenues from EDEMSA and potentially HASA will prove vital in the short and medium term, the oil assets still hold the most significant potential for the Group and successful development of these assets remains a priority

Electricity distribution and power generation

EDEMSA

After several consecutive years of large losses as a result of the crisis which Argentina experienced in 2001 and 2002, EDEMSA reported a profit after tax of US$96 million in 2007 This improvement was primarily due to the successful restructuring of the company's debt, which resulted in a write back of US$89 million and a reduction in total debt from US$161 million to US$73 million (shown under IFRS at fair value) In addition EDEMSA benefited from the write-back of carried forward tax-losses in the light of improved future trading prospects EBITDA for 2007 increased to US$11 million from US$6 million in 2006

The operating profit of US$2 2 million, was an improvement on the US$2 3 million loss in 2006, reflecting the benefit of the 12 94% tariff increase approved in August 2006 During the year EDEMSA sold 2,877 29 GWh of energy, an increase of 3 5% on the prior year

The debt restructuring also led to significant improvements in liquidity and solvency ratios EDEMSA continued to invest in its business, both in the transmission and distribution networks as well as the connection of new clients During 2007, it brought into service a new 54km long high-tension transmission line in the fast growing central area of the Province, the most important investment in its history

After long discussions and negotiations with the Government, an increase in tariffs of an average of 20% effective from 1 February 2008 was agreed, to compensate for cost increases up to the end of 2007 This has already had a positive effect on the operating results for the first quarter of 2008 Furthermore, a further general tariff increase is currently under review, which is due to be implemented from 1 August 2008, although this may be deferred until the first half of 2009 The Company has complied with all the legal requirements to allow this general tariff review to go ahead

HASA

On 14 June 2007 record demand was registered in the Argentine electricity market with a gross maximum power of 18,345 MW

Spot prices in the wholesale electricity market throughout the year oscillated between a minimum of 69 71 ARS/MWh (May) to a maximum of 83 73 ARS/MWh (July)

The rainfalls and thawing allowed the dam from being half-full (640Hm³) in September to reach 1,252 28 Hm³ by the end of the year During the year the water levels reached a minimum height of 146 50m and maximum level of 160 93m

In 2007 the power station generated 186 49 GWh, 2 4% above its historical average, but only 44% of the amount generated in 2006 The output was restricted by the low water levels and the maximum volume of water that the river below the dam can drain

The maximum historical annual output is 383 96 GWh, which was achieved in 2006, compared to a minimum of 31 9 GWh (recorded in 1989) and a historical average 182 12 GWh

HASA reported a profit after tax for the year of US$0 75 million compared to US$2 34 million in 2006 The Group's consolidated results include a loss after taxation of US$0 43 million for the period from the date of acquisition

Andes Energia plc

CHIEF EXECUTIVE'S REVIEW

Oil and gas interests

Our focus has been on the implementation of the consortium agreement with our partner Patagonia to explore and hopefully enter into production on 7 licence blocks currently held by the consortium In addition, during the year the Group exercised its option to acquire a 20% interest in two further licence blocks in the Province of Neuquen The 9 licence blocks cover over 26,000 square kilometres

Chubut
The licence blocks in the Province of Chubut all lie within the Golfo San Jorge basin The Golfo San Jorge basin is a prolific hydrocarbon province, with a thick sedimentary section and several source rocks and proven reservoir horizons It is estimated to hold about 50% of Argentina's total oil inventory and its production is steadily increasing as new acreage is opened and tied up

Confluencia
This licence covers an area of 794km² and has 9 existing exploration wells

San Bernardo
This licence covers an area of 2,680km² and has 5 existing exploration wells

Pampa Salamanca Norte
This licence covers an area of 1,042km² and has 1 existing exploration well

Buen Pasto
This licence covers an area of 8,588km² and has 5 existing exploration wells

Sierra Cuadrada
This licence covers an area of 9,040km² and has 9 existing exploration wells

Rio Senguer
This licence covers an area of 2,790km² and has 1 existing exploration well

Rio Negro and Neuquen
The licence blocks in the Provinces of Rio Negro and Neuquen lie in the Neuquen basin This is also a proven hydrocarbon province, the second largest in Argentina after Golfo San Jorge, containing an estimated 36% of the country's known oil reserves In contrast to the Golfo San Jorge basin, the Neuquen basin is more gas prone, holding over half the country's gas reserves

Laguna el Loro
This licence covers an area of 505km² and has 8 existing exploration wells

Corralera
This licence covers an area of 356km² and has 10 existing exploration wells

Mata Mora
This licence covers an area of 224km² and has 1 existing exploration well

A "Union Transitoria de Empresas" (UTE), a registered joint venture, was established in March 2007 to manage the Confluencia, San Bernardo and Pampa Salamanca Norte areas, a second UTE was also set up in March 2007 to manage the Laguna el Loro area and a third UTE was set up in June 2007 to manage the Buen Pasto, Rio Senguer and Sierra Cuadrada areas We have established a professional team (the technical team has a combined basin experience of more than 60 years), which has initially been focused on information gathering

The initial months have been devoted to acquiring, analysing, interpreting and re-interpreting all available information We have reached some promising conclusions with the reasonable expectation that we should be in a position to define some work-overs and drill some new wells during 2008

Geochemical sampling was carried out in October 2007 and 1,205 samples from the Confluencia, Buen Pasto and Pampa Salamanca Norte areas were gathered In addition, an airborne survey was commenced in October to acquire airborne gravity and magnetometric data At the end of 2007 6,232 km lines of data had been acquired

CHIEF EXECUTIVE'S REVIEW

Oil and gas interests (continued)

In 2008 we will continue our focus on exploration of the seven licence blocks in Chubut and Rio Negro The quality of the preliminary data set produced from the geochemical sampling carried out in 2007 is generally good with several anomalies, which when collected in a grid will provide better geochemical leads for prospective areas in the licence blocks

In addition, airborne survey work continues and a total of 16,355km lines of data have now been acquired representing approximately 47% of the scope of the work This aerogravity and aeromagnetic survey and interpretation work will enable us to mature leads to drill-ready prospects In addition, we will be conducting integrity tests on key existing wells to identify the best targets for workover or twinning

The Company has also entered into an option agreement to acquire a 50% interest in a producing oil field in the province of Mendoza Work on the evaluation of the field is in its final stages and a competent person's report is expected to be completed within the next few weeks

Other interests

The Group has also maintained its interest in certain non-Argentine assets acquired at the time of the reverse acquisition These are primarily investments in early stage gas and mineral exploration assets located in North America, Europe and Mauritania

Luis Alvarez Poli
Chief Executive
25 June 2008

Andes Energia plc

THE BOARD

Michael Stevens (Chairman)

Michael Stevens joined the board on 2 October 2007 Michael is non-executive chairman of Artisan (UK) Plc and has extensive experience in the property sector in Europe and the USA He was also a founding shareholder of Iaxis Network with Bain Capital and GE and of telehouse group Digiplex with Carlyle Group and Providence He was the former owner, Chairman and CEO of Paravision & Telecip, an owner of film libraries and feature film producer which he built into a billion dollar business with L'Oreal/Nestle

Luis Alvarez Poli (Chief Executive Officer)

Luis Alvarez Poli joined the board on 2 October 2007 and also represents the Group on the directive committee of the oil joint venture Luis graduated as a Certified Public Accountant and Corporate Administrator from the Universidad Católica Argentina in Buenos Aires He also has a postgraduate MBA from the Instituto de Altos Estudios Empresariales IAE Luis has 15 years of experience in capital markets, investor relations and financial restructuring He was previously a financial director and manager in, among others, Transportadora de Gas del Sur and Petrobras (formerly Perez Companc) and has also worked for Banco Macro in the capital markets department

Nigel Duxbury (Finance Director)

Nigel Duxbury joined the board in July 2004 Nigel has extensive experience both as a finance director and senior executive in small and large quoted and unquoted companies within Europe, Asia and the USA He has a background in finance and accountancy, having qualified as a chartered accountant with Touche Ross, London

Neil Bleasdale (Non-Executive Director)

Neil Bleasdale joined the board on 2 October 2007 Neil is the Chairman and Chief Executive Officer of EDEMSA He is a businessman and holds a B A (with honours) from the University of Leeds, England He also acts as a non-executive director of Chatham S A , Supercanal Holding S A , Supercanal Internacional S A , Supercanal S A , Comunicaciones Austral S A , DTH S A , Grupo Vitivinícola de Tupungato S A , Televisora del Oeste S A , MSO Supercanal S A , BTC S A , Jorge Estornell S A , and an alternate director of Primera Fila S A

Marcelo Comba (Non-Executive Director)

Marcelo Comba joined the board on 2 October 2007 Marcelo graduated as a solicitor from the University of Buenos Aires in 1988 and became a Master in Business Law in 1994 After working in the legal departments of Siemens S A and Ferrovias SAC, he has worked since 2002 as a Partner in the law firm of Aidar Bestene-Garcia Moreno & Associates In 2004 he also became President of HASA

Nicolas Mallo Huergo (Non-Executive Director)

Nicolas Mallo Huergo joined the board on 2 October 2007 Nicolas graduated from the Universidad Católica Argentina in 1993 with a law degree, and obtained a Master in Law (LLM) with honours at Northwestern University School of Law, Chicago, USA, in 1999 He has been and is a director of a number of local and foreign companies Previously, he practised as a lawyer in the firm Marval, O'Farrell & Mairal

Keith Wills (Non-Executive Director)

Keith Wills joined the board in June 2006 Keith was a stockbroker for 30 years He was Head of the European Retail Team at Goldman Sachs where he spent 15 years of his career and became Managing Director Since leaving Goldman Sachs in 2004 he has worked as an independent consultant

Andes Energia plc

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Andes Energia plc (formerly called Ragusa Capital plc) (the "Company" and collectively with its subsidiaries the "Group") for the year ended 31 December 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is a Latin American energy group, with electricity distribution, hydro-electric power and oil and gas interests in Argentina A review of activities is given in the Chairman's Statement and the Chief Executive's review

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to US$78,126,136 (2006 US$(18,796,336) loss)

The directors do not recommend the payment of a dividend (2006 US$ nil)

KEY PERFORMANCE INDICATORS

The directors use a range of performance indicators to monitor progress in the delivery of the Group's strategic objectives, to assess actual performance against targets and to aid management of the business

The Group's key performance indicators ("KPIs") include both financial and non-financial targets and such targets are set annually

Financial KPIs

Financial KPIs include

Sales
Sales provide a measure of Group activity that is influenced by various factors including tariff increases, the cost of supplies and energy losses

Gross margin
This represents the margin generated by the core business and excludes all non-operating costs, such as financing and tax expenses as well as one-off items such as negative goodwill

Capital expenditure
This provides a measure of the capital commitment required to maintain operations

EBITDA
This provides a measure of the cash generated by operations

ROE
This provides a measure of the profitability of the Group

Non-Financial KPIs

Non-financial KPIs address other important technical aspects of the business, gross capacity, operating efficiency and availability

Gross capacity
Gross capacity is the total generation capacity owned by Group companies and is affected by acquisitions, expansion programmes and disposals

Energy losses
This measures the efficiency of the energy distributed It includes the technical and commercial loss

FINANCIAL RISK MANAGEMENT

The Company's exposure to financial risk is set out in note 33 to the accounts

DIRECTORS AND THEIR INTERESTS

The directors of the company at the end of the year are noted on page 8 Lance O'Neill and Paul Merchant who were directors at the beginning of the year resigned on 2 October 2007

The directors who held office at the end of the year had the following interests in the issued share capital of the Company

	31 December 2007	31 December 2006
Michael Stevens	*6,784,250	-
Luis Alvarez Poli	-	-
Nigel Duxbury	430,000	330,000
Neil Bleasdale	-	-
Marcelo Comba	-	-
Nicolas Mallo Huergo	-	-
Keith Wills	835,000	35,000

*These shares are held through Commtel Holdings Corp In addition Michael Stevens has a 3 1% indirect economic interest in the Company through Commtel's interest in the issued share capital of Ketsal S A

In addition to the interests referred above, the directors who held office at the end of the year are also interested in warrants to subscribe for ordinary shares in the Company

Founder Warrants	31 December 2007	31 December 2006	Exercise Price
Nigel Duxbury	250,000	250,000	54 pence

The above warrants are exercisable at any time between 15 July 2004 and 15 July 2014

Management Warrants	31 December 2007	31 December 2006	Exercise Price
Luis Alvarez Poli	400,000	-	54 pence
Nigel Duxbury	350,000	-	54 pence
Neil Bleasdale	160,000	-	54 pence
Marcelo Comba	250,000	-	54 pence
Nicolas Mallo Huergo	350,000	-	54 pence
Keith Wills	400,000	-	54 pence

The above warrants are exercisable at any time between 2 October 2008 and 2 October 2015, subject to certain conditions

Subscriber Warrants	31 December 2007	31 December 2006	Exercise Price
Michael Stevens	1,800,000	-	54 pence
Nigel Duxbury	100,000	-	54 pence
Keith Wills	800,000	-	54 pence

The above warrants are exercisable at any time between 2 October 2008 and 2 October 2013

SUPPLIER PAYMENT POLICY

It is the Group's policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice Trade creditor days for the Group have been calculated at 70 days (2006 63 days) This represents the ratio expressed in days between the amounts invoiced to the Group in the year by its suppliers and the amounts due at the year-end to trade creditors falling due for payment within one year

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each person who was a director at the time this report was approved

- so far as that director was aware there was no relevant available information of which the Company's auditors were unaware, and
- that director has taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information

This information is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

AUDITORS

Nexia Smith & Williamson have expressed their willingness to continue in office as auditors and a resolution to appoint them will be proposed at the Annual General Meeting

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

Nigel Duxbury
Secretary
25 June 2008

DIRECTORS' REMUNERATION REPORT

The purpose of the Remuneration Committee is to fix the remuneration of the executive directors and make recommendations to the Board on an overall remuneration policy for executive directors and other senior executives in order to retain, attract and motivate high-quality executives capable of achieving the Group's objectives

SERVICE CONTRACTS

All service agreements for directors are terminable on 3 months' notice

SHARE OPTIONS

The Group believes that share ownership by executive directors and senior executives strengthens the links between their personal interest and those of investors and the Board intends to consider the adoption of a share option scheme in due course

DIRECTORS' INTERESTS

The directors' interests in the ordinary shares and warrants of the Group are set out in the directors' report on page 10

DIRECTORS' REMUNERATION

	Salaries 2007 $	Bonus 2007 $	Total 2007 $	Total 2006 $
Michael Stevens	0	0	0	0
Luis Alvarez Poli	35,750	138,462	174,212	0
Nigel Duxbury	233,839	200,000	433,839	109,280
Neil Bleasdale	8,922	61,538	70,460	0
Marcelo Comba	6,250	46,154	52,404	0
Nicolas Mallo Huergo	6,250	46,154	52,404	0
Keith Wills	50,000	200,000	250,000	29,166
Lance O'Neill (resigned 2 October 2007)	54,167	0	54,167	50,000
Paul Merchant (resigned 2 October 2007)	43,333	0	43,333	40,000
Total	438,511	692,308	1,130,819	228,446

By order of the Board

Keith Wills
Chairman of the Remuneration Committee
25 June 2008

CORPORATE GOVERNANCE

THE COMBINED CODE

The Company's shares are traded on AIM and as such the Company is not formally required to comply with the provisions of the Combined Code on Corporate Governance, nor is it required to disclose its specific policies in relation to corporate governance However, the Board is committed to high standards of corporate governance and as the Company grows the Board will review their compliance with the Code from time to time and will adopt such of the provisions as they consider to be appropriate to the size of the Company

THE WORKINGS OF THE BOARD AND ITS COMMITTEES

The Board of Directors

The Board meets frequently to consider all aspects of the Group's activities The Board consists of the Chairman, Chief Executive Officer, Non-executive directors and the Finance Director All directors have access to the advice and services of the Company's professional advisors

Remuneration Committee

The Remuneration Committee comprises Keith Wills, Marcelo Comba and Nicolas Mallo Huergo and is chaired by Keith Wills Its terms of reference are discussed in the remuneration report

Audit Committee

The Audit Committee comprises Keith Wills, Nicolas Mallo Huergo and Marcelo Comba and is chaired by Keith Wills It is responsible for ensuring that the financial performance of the Group is properly reported on and monitored and for reviewing the auditors' reports relating to accounts and internal control systems

Nomination Committee

The Nominations Committee comprises Marcelo Comba and Keith Wills and is chaired by Marcelo Comba It is responsible for the selection and appointment of Board members

Relations with Shareholders

Communications with shareholders are given a high priority by the Board which takes responsibility for ensuring that a satisfactory dialogue takes place Representatives from the Board plan to meet with the Company's institutional shareholders following the announcement of its final results and at other appropriate times The Group has developed a website containing investor information to improve communications with individual investors and other interested parties

Internal control

The directors acknowledge their responsibility for the Group's systems of internal control and for reviewing its effectiveness

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and the International Financial Reporting Standards (IFRSs) as adopted by the European Union

The directors are required to prepare financial statements for each financial period which present fairly the financial position of the Company and of the Group and the financial performance and cash flows of the Company and of the Group for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- state that the Company and the Group have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements comply with the Companies Act 1985 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

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements

Nexia Smith & Williamson

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ANDES ENERGIA PLC

We have audited the group and parent company accounts (the "accounts") of Andes Energia plc for the year ended 31 December 2007 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Changes in Shareholders' Equity and the related notes 1 to 36 These accounts have been prepared under the accounting policies set out therein

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985 are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and Chief Executives Review that is cross referred from the Business Review section of the Directors' Report We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed

We read other information contained in the Annual Report and consider whether it is consistent with the audited accounts This other information comprises only the Chairman's Statement, Chief Executive's Review, Directors' Report and Directors' Remuneration Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts

Opinion

In our opinion

- the accounts give a true and fair view, in accordance with IFRSs as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985, of the state of the group's and parent company's affairs as at 31 December 2007 and of the group's profit for the year then ended, and
- the accounts have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Directors' Report is consistent with the accounts

Nexia Smith & Williamson Nexia Smith & Williamson
Chartered Accountants
Registered Auditors
25 June 2008

25 Moorgate
London
EC2R 6AY

Andes Energia plc

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007	2006
		$	$
Revenue	3	111,303,946	96,899,672
Cost of sales		(95,441,770)	(87,091,181)
Gross profit		15,862,176	9,808,491
Other operating income		1,322,306	1,296,358
Distribution costs		(8,825,841)	(7,814,559)
Administrative expenses before exceptional expense		(7,891,138)	(5,569,082)
Exceptional expenses	6	(16,163,584)	0
Total administrative expenses		(24,054,722)	(5,569,082)
Operating loss	5	(15,696,081)	(2,278,792)
Analysed as			
Operating profit/(loss) before exceptional expenses		467,503	(2,278,792)
Exceptional expenses		(16,163,584)	0
Operating loss		(15,696,081)	(2,278,792)
Finance income	9	89,848,953	1,301,328
Finance costs	8	(4,570,943)	(21,209,394)
Profit/(loss) before taxation		69,581,929	(22,186,858)
Taxation	10	8,544,207	3,390,522
Profit/(loss) for the year		78,126,136	(18,796,336)
Attributable to:			
Equity holders of the parent		7,083,993	(9,686,172)
Minority interests		71,042,143	(9,110,164)
		78,126,136	(18,796,336)
Earnings/(loss) per ordinary share	11		
Basic and diluted		$0 15	$(0 35)
Diluted		$0 14	$(0 35)

Andes Energia plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital	Share premium	Profit and loss	Merger reserve	Reverse acquisition reserve	Other reserves	Minority interest	Total
	$	$	$	$	$	$	$	$
At 1 January 2006	76,438,000	0	(39,980,620)	0	0	159,265	35,208,861	71,825,506
Loss for the year	0	0	(9,686,172)	0	0	0	(9,110,164)	(18,796,336)
Fair value adjustment	0	0	0	0	0	200,491	0	200,491
Total recognised income and expenses for the period	0	0	(9,686,172)	0	0	200,491	(9,110,164)	(18,595,845)
At 31 December 2006	76,438,000	0	(49,666,792)	0	0	359,756	26,098,697	53,229,661
Profit for the period	0	0	7,083,993	0	0	0	71,042,143	78,126 136
Fair value of share based payments	0	0	103,250	0	0	0	0	103,250
Total recognised income and expenses for the period	0	0	7,187,243	0	0	0	71,042,143	78,229,386
Issue of ordinary shares	18,615,890	90,310,029	0	0	0	0	0	108,925,919
Share issue costs	0	(1,180,139)	0	0	0	0	0	(1,180,139)
Reverse acquisition	(71,634,970)	(60,180,630)	170,968	66,195,556	42,045,342	(142,132)	21,724,625	(1,821,241)
At 31 December 2007	23,418,920	28,949,260	(42,308,581)	66,195,556	42,045,342	217,624	118,865,465	237,383,586

Andes Energia plc

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

	Share capital	Share premium	Merger reserve	Profit and loss	Total
	$	$	$	$	$
At 1 April 2006	4,803,030	6,014,926	0	127,466	10,945,422
Profit for the year	0	0	0	(63,896)	(63,896)
Total recognised income and expenses for the period	0	0	0	(63,896)	(63,896)
At 31 December 2006	4,803,030	6,014,926	0	63,570	10,881,526
Loss for the period	0	0	0	(1,927,062)	(1,927,062)
Total recognised income and expenses for the period	0	0	0	(1,927,062)	(1,927,062)
Issue of ordinary shares	18,615,890	24,114,472	66,195,556	0	108,925,918
Share issue costs	0	(1,180,139)	0	0	(1,180,139)
Fair value of share based payments	0	0	0	103,250	103,250
At 31 December 2007	23,418,920	28,949,259	66,195,556	(1,760,242)	116,803,493

Andes Energia Plc

CONSOLIDATED BALANCE SHEET 31 DECEMBER 2007

	Note	2007	2006
		$	$
Non-current assets			
Intangible assets	12	109,837,883	50,550,028
Property, plant and equipment	13	165,503,182	162,778,005
Investments	14	4,576,208	0
Trade and other receivables	19	0	131,267
Available for sale financial assets	16	599,571	783,728
Deferred income tax assets and other credits	24	5,228,769	0
Total non-current assets		285,745,613	214,243,028
Current assets			
Inventories	17	3,792,216	3,416,719
Investments	18	2,347,154	0
Trade and other receivables	19	34,194,011	26,844,886
Cash and cash equivalents	20	23,347,231	5,527,051
Total current assets		63,680,612	35,788,656
Current liabilities			
Trade and other payables	21	30,085,155	25,045,438
Financial liabilities	22	6,565,197	161,292,286
Provisions	23	7,381,332	6,801,063
Current tax liabilities		125,546	0
Total current liabilities		44,157,230	193,138,787
Non-current liabilities			
Trade and other payables	21	1,766,705	0
Financial liabilities	22	66,118,704	0
Deferred tax liabilities	24	0	3,663,236
Current tax liabilities		0	0
Total non-current liabilities		67,885,409	3,663,236
Net assets		237,383,586	53,229,661
Capital and reserves			
Called up share capital	25	23,418,920	76,438,000
Share premium account		28,949,260	0
Profit and loss account		(42,308,581)	(49,666,792)
Merger reserve		66,195,556	0
Reverse acquisition reserve		42,045,342	0
Other reserves		217,624	359,756
Equity attributable to equity holders of the parent		118,518,121	27,130,964
Minority Interest	29	118,865,465	26,098,697
Total equity		237,383,586	53,229,661

The accounts were approved by the Board of Directors and authorised for issue on 25 June 2008 and were signed on its behalf by

Nigel Duxbury
Director

Andes Energia Plc

COMPANY BALANCE SHEET

31 DECEMBER 2007

	Note	2007	2006
		$	$
Non-current assets			
Property, plant and equipment	13	6,714	5,718
Investments	15	89,983,121	0
Total non-current assets		89,989,835	5,718
Current assets			
Investments	18	2,347,154	3,247,322
Trade and other receivables	19	8,694,864	188,856
Cash and cash equivalents	20	20,953,262	7,809,854
Total current assets		31,995,280	11,246,032
Current liabilities			
Trade and other payables	21	1,423,685	310,236
Financial liabilities	22	3,697,950	0
Total current liabilities		5,121,635	310,236
Non-current liabilities			
Deferred tax liabilities		59,987	59,988
Total non-current liabilities		59,987	59,988
Net assets		116,803,493	10,881,526
Capital and reserves			
Called up share capital	25	23,418,920	4,803,030
Share premium account		28,949,259	6,014,926
Merger reserve		66,195,556	0
Profit and loss account		(1,760,242)	63,570
Total equity		116,803,493	10,881,526

The accounts were approved by the Board of Directors and authorised for issue on 25 June 2008 and were signed on its behalf by

Nigel Duxbury
Director

Andes Energia plc

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007	2006
		$	$
Net cash generated from operating activities	**28**	6,418,939	2,573,957
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,296,322)	(4,619,974)
Purchase of exploration assets		(480,000)	0
Purchase of investments		(697,098)	(26,480)
Proceeds form available for sale shares		42,025	0
Proceeds from grants		0	1,369,181
Acquisition of subsidiary		(2,523,232)	0
Net cash generated used in investing activities		(9,954,627)	(3,277,273)
Cash flows from financing activities			
Repayments of borrowings		(8,735,105)	0
Proceeds on issue of shares		31,271,112	0
Share issue costs		(1,180,139)	0
Net cash generated from financing activities		21,355,868	0
Net increase/(decrease) in cash and cash equivalents		17,820,180	(703,316)
Cash and cash equivalents at the beginning of the year		5,527,051	6,230,367
Cash and cash equivalents at the end of the year	**20**	23,347,231	5,527,051

Andes Energia plc

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007 AND NINE MONTHS ENDED 31 DECEMBER 2006

	Note	2007	2006
		$	$
Net cash generated used in operating activities	28	(5,522,056)	(123,538)
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,498)	0
Purchase of exploration assets		0	(732,252)
Proceeds from sale of investments		1,622,173	0
Investments		(13,773,118)	(401,400)
Interest received		0	0
Net cash generated used in investing activities		(12,156,443)	(1,133,652)
Cash flows from financing activities			
Repayments of borrowings		730,934	0
Proceeds on issue of shares		31,271,112	0
Share issue costs		(1,180,139)	0
Net cash generated from financing activities		30,821,907	0
Net increase/(decrease) in cash and cash equivalents		13,143,408	(1,257,190)
Cash and cash equivalents at the beginning of the year		7,809,854	9,067,044
Cash and cash equivalents at the end of the year	20	20,953,262	7,809,854

Andes Energia plc

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was established to pursue opportunities that were considered to have potential for the generation of sustainable growth and profitability in both the short and medium terms

On 2 October 2007 the Company announced the successful completion of the proposals in connection with the acquisition of certain utility assets as well as oil and gas exploration interests in Argentina and a change of name from Ragusa Capital plc to Andes Energia plc

2 ACCOUNTING POLICIES

2 1 Introduction and reverse acquisition

Under IFRS 3 "Business Combinations" the acquisition of SODEMSA, through its two intermediate holding companies Inversora Andina de Electricidad S A and Mendinvert S A , by the Company has been accounted for as a reverse acquisition Although the consolidated financial statements have been prepared in the name of the legal parent, the Company, they are in substance a continuation of the consolidated financial statements of the SODEMSA group The following accounting treatment has been applied in respect of the reverse acquisition

(a) The assets and liabilities of the SODEMSA group are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement for fair value,
(b) The retained losses and other equity balances reflect the retained losses and other equity balances of the SODEMSA group immediately before the business combination and the results of the period from 1 January 2007 to the date of the business combination 2 October 2007, are those of the SODEMSA group However, the equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent, the Company, including the equity instruments issued under the business combination, and
(c) Comparative numbers presented in the consolidated financial statements are those reported in the consolidated financial statements of the SODEMSA group for the year ended 31 December 2006

2 2 Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (including International Accounting Standards ("IAS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted by the European Union)

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments The principal accounting policies adopted are set out below

The preparation of the financial statements in conformity with generally accepted accounting practice required management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period Actual outcomes could differ from those estimates

2.3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

2.4 New standards and interpretations

During the period the IASB and IFRIC have issued certain standards and interpretations with an effective date after the date of these financial statements The Group has elected to adopt the following in advance of their effective dates

IFRIC 12	Service Concession Arrangements (effective for accounting period on or after 1 January 2008)

Other than the standards adopted by the Group in advance of their effective dates, the following new standards and interpretations have been issued but are not yet mandatory

IAS 1 (Amendment)	Presentation of Financial Statements (effective for accounting periods on or after 1 January 2009),
IAS 23	Borrowing Costs (revised) (effective for accounting periods on or after 1 January 2009),

2. ACCOUNTING POLICIES (continued)

2.4 New standards and interpretations (continued)

IAS 27 (Amendment)	Consolidated and Separate Financial Statements (effective for accounting periods on or after 1 July 2009),
IAS 32 (Amendment)	Financial Instruments Presentation (effective for accounting periods on or after 1 January 2009),
IFRS 2 (Amendment)	Share Based Payment – Vesting Conditions and Cancellations (effective for accounting periods on or after 1 January 2009),
IFRS 3 (Amendment)	Business Combinations (effective for accounting periods on or after 1 July 2009),
IFRS 8	*Operating Segments (effective for accounting periods on or after 1 January 2009),*
IFRIC 11, IFRS2	Group and Treasury Share Transactions (effective for accounting periods on or after 1 March 2007),
IFRIC 13	Customer Loyalty Programmes (effective for accounting periods on or after 1 July 2008), and
IFRIC 14, IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods on or after 1 January 2008)

2. 5 Basis of consolidation

The Group financial statements have been prepared on a reverse acquisition basis (see 2 1) and incorporate the financial statements of SODEMSA and entities controlled by SODEMSA and the Company prepared to 31 December each year Control is achieved where the acquirer has the power to govern the financial and operating policies of an investee entity so to obtain benefits from its activities

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, where appropriate

Where necessary, adjustments are made to the *financial statements of subsidiaries* to bring the accounting policies used into line with those used by the Group

All intra-group transactions, balances, income and expenses are eliminated on consolidation

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein Minority interests consist of the amounts of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent the minority has a binding obligation and is able to make an additional investment to cover the losses

2.6 Basis of combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the purchase method The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for the control of the acquiree, plus any cost directly attributable to the business combination The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the cost of the business combination over the Group's interest in the net fair value of the *identifiable assets, liabilities* and contingent liabilities recognised If, after assessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss Goodwill arising on acquisition is reviewed for impairment at least annually Any impairment is immediately recognised in profit or loss and is not subsequently reversed

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised

NOTES TO THE FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (continued)

2.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts recoverable for goods and services provided in the normal course of business, net of discounts, VAT and other sale related taxes

Revenue arising from the provision of services is recognised when and to the extent that the Group obtains the right to consideration in exchange of the performance of its contractual obligations

Electricity distribution
Revenue for electricity distribution service is recognized in the period the services are provided

The purchase price of the commodity (electricity) is invoiced to the customers without margin The margin is only recognised for distribution service

Electricity generation
Revenue is recognized on delivery of energy to clients, in each case, when title and risks are transferred to the customer

2.8 Interest Revenue

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable

2.9 Exceptional items

Items of income and expense that are material by size and/or nature and are non-recurring are classified as exceptional items on the face of the income statement The separate reporting of these items helps give an indication of the Group's underlying performance

2 10 Foreign Currency

The individual financial statements of each Group company is maintained in the currency of the primary economic environment in which it operates (its functional currency), which in the case of the Argentinean companies is the Argentine Pesos and in the case of the Company is pounds sterling For the purposes of the consolidated financial statements, the results and financial position of each Group entity are expressed in US Dollars, which is the presentation currency for the consolidated financial statements

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined Exchange differences arising are included in the profit and loss for the period For the purposes of preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date Income and expense items are translated at the average exchange rates for the period Exchange differences arising are classified as equity and transferred to the Group's translation reserve

The financial statements are presented in US$ and the average rate and closing rate used was US$2 to £1 (2006 US$2 to £1)

2.11 Government Grants

Government subsidies are recognized at their fair value when there is reasonable certainty that those subsidies will be collected and that the Company will meet all the conditions established

Government subsidies received in relation to the purchase of fixed assets are deducted from the cost of such assets These assets are depreciated over their estimated useful lives on the basis of their net acquisition cost

2 ACCOUNTING POLICIES (continued)

2.12 Employee Benefits

The Group recognises a liability and an expense for bonuses and profit-sharing schemes

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation

The Group has to withhold from employees salaries in Argentina contributions to be paid under state pension schemes The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods

2.13 Taxation

The Group has recorded the income tax charge based on the deferred tax method, thus acknowledging the temporary differences between accounting and taxable assets and liabilities During the year EDEMSA completed the restructuring of its debt as a result of which the ability to recover deferred tax assets was re-evaluated

For the purpose of determining the amount of deferred assets and liabilities, a tax rate has been applied to temporary differences, which is expected to be in force at the time of their reversion or use, taking into account the legal provisions in force as of the date of these financial statements

Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

The Group is liable to pay a minimum notional income tax at the applicable tax rate (1%), calculated on the amount of computable assets at the closing of the financial year This tax is supplementary to income tax, and the Group's tax liability in each fiscal year will be the higher of the minimum notional income tax and the income tax for the year and if the minimum notional income tax for a given financial year exceeds the amount of income tax, such excess may be computed as a partial payment of income tax for any of the ten following fiscal years

The credit of minimum notional income tax has been included under "Deferred tax" The Group has considered it will not be able to recover part of the credit for this tax and consequently, it has not been recorded

2.14 Share-based payments

During the year the Group issued warrants to management These are measured at fair value at the date of grant The fair value determined at the date of grant of the warrant is expensed on a straight-line basis over the vesting period The fair value is calculated using the binomial option pricing model

2.15 Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired business at the date of acquisition Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell and value in use For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units)

Exploration assets are recognised at cost under which all expenditure relating to the acquisition, exploration, appraisal and development of oil and gas interests is capitalised They are tested for impairment only if there are indications that the carrying amount of the asset may exceed the recoverable amount

Concession assets, acquired as part of the business combination, are stated at fair value Amortisation is charged on a straight-line basis over the term of the concession

2 ACCOUNTING POLICIES (continued)

2.16 Property, plant and equipment

Property, plant and equipment are shown at cost less subsequent depreciation, except for land, which is shown at cost, and certain items of property that have been measured at fair value Costs include expenditures that is directly attributable to the acquisition of the items

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows

Network and transformer stations and other works	32 to 50 years
Buildings	30 to 50 years
Machinery and equipment	up to 25 years
Transformers	35 to 40 years
Vehicles, furniture and fixtures	3 to 5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains and losses on disposals are determined by comparing proceeds with carrying amount

2.17 Impairment of assets

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units) EDEMSA, HASA, Integra Oil S A and Andes Oil S A are considered different cash-generating units for this purpose

2.18 Investments

Investments held at fair value through profit or loss
Investments held at fair value through profit or loss are investments that are irrevocably designated at initial recognition as held at fair value through profit or loss stated at fair value, with any resultant gain or loss recognised in profit or loss

Investments held for trading
Investments held for trading are measured at subsequent reporting dates at fair value and gains and losses arising from changes in fair value are included in net profit or loss for the period

2. ACCOUNTING POLICIES (continued)

2.19 Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset Investments are initially recognised at fair value plus transaction costs Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership

2 20 Inventories

Inventories are measured at the lower of cost and net realisable value Cost is determined using the weighted average cost formula method

2 21 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate The carrying amount of the asset is reduced through the use of a provision for impairment account, and the amount of the loss is recognised in the income statement within distribution costs

When a trade receivable is uncollectible, it is written off against the provision for impairment Subsequent recoveries of amounts previously written off are credited against distribution costs in the income statement

2.22 Cash and cash equivalents

Cash and cash equivalents include call deposits held with banks and other short-term highly liquid investments with original maturities of 3 months or less

2 23 Provisions

Provisions for environmental restoration and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated Provisions are not recognised for future operating losses

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date, the discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE

All revenues relate to the rendering of services

4 BUSINESS AND GEOGRAPHICAL SEGMENTS

The following is an analysis of the Group's revenue and results by reportable segment The Group's operations are predominantly in Argentina

Analysis of revenue and profit:

	Revenue		Segment profit	
	2007	2006	2007	2006
	$	$	$	$
Electricity distribution	110,700,763	96,899,672	2,188,968	(2,278,792)
Electricity generation	603,183	0	(655,619)	0
	111,303,946	96,899,672	1,533,349	(2,278,792)
Central administration costs			(1,065,846)	0
Finance income			89,848,953	1,301,328
Finance costs			(4,570,943)	(21,209,394)
Exceptional items			(16,163,584)	0
Profit/(loss) before tax (continuing operations)			69,581,929	(22,186,858)

Analysis of total assets:

	2007	2006
	$	$
Electricity distribution	252,089,194	250,031,684
Electricity generation	24,643,043	0
Oil and gas interests	40,626,893	0
Total segment assets	317,359,130	250,031,684
Unallocated assets	32,067,095	0
Consolidated total assets	349,426,225	250,031,684

Analysis of total liabilities:

	2007	2006
	$	$
Electricity distribution	103,032,277	196,802,023
Electricity generation	3,812,679	0
Oil and gas interests	19,679	0
Total segment liabilities	106,864,635	196,802,023
Unallocated liabilities	5,178,004	0
Consolidated total liabilities	112,042,639	196,802,023

NOTES TO THE FINANCIAL STATEMENTS

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Analysis of capital expenditure·

	2007	2006
	$	$
Electricity distribution	11,467,339	9,978,137
Electricity generation	13,782	0
Total segment capital expenditure	11,481,121	9,978,137
Other capital expenditure	5,498	0
Consolidated total capital expenditure	11,486,619	9,978,137

Analysis of depreciation:

	2007	2006
	$	$
Electricity distribution	8,475,928	8,295,197
Electricity generation	28,435	0
Total segment depreciation	8,504,363	8,295,197
Other depreciation	1,484	0
Consolidated total depreciation	8,505,847	8,295,197

5. OPERATING LOSS

	2007	2006
	$	$
This is stated after charging:		
Amortisation	91,903	0
Depreciation	8,505,847	8,295,197
Loss on foreign exchange	730,841	963,196
Auditors' remuneration		
- audit services	153,742	0
- taxation services	10,000	0
- reporting accountant's work in connection with reverse	136,416	0

6. EXCEPTIONAL EXPENSE

	2007	2006
	$	$
Impairment of goodwill	16,163,584	0

The goodwill arose on the reverse acquisition referred to in note 27 The directors believe that due to the nature of goodwill arising on a reverse takeover, which will not directly generate cash flows in the legal parent, the recoverable amount of the net assets acquired is less than the carrying value and have therefore recognised an impairment loss in the income statement

7. STAFF COSTS AND DIRECTORS' EMOLUMENTS

a) Staff costs

The average number of persons including executive directors was

	2007	2006
	Number	Number
Selling	169	170
Technical	333	323
Administration	137	124
	639	617

Staff costs for the above persons were

	2007	2006
	$	$
Wages and salaries	11,658,131	9,415,529
Social security costs	2,293,502	1,850,597
Share based payments	53,250	0
	14,004,883	11,266,126

b) Directors' emoluments

The directors' emoluments were as follows

	2007	2006
	$	$
Aggregate emoluments	1,130,819	228,446
	1,130,819	228,446

Details of the remuneration for each director are included in the remuneration report on page 12

8. FINANCE COSTS

	2007	2006
	$	$
Interest costs	4,570,943	21,209,394
	4,570,943	21,209,394

9. FINANCE INCOME

	2007	2006
	$	$
Effect of debt restructuring	88,569,685	0
Interest receivable and similar income	1,279,268	1,301,328
	89,848,953	1,301,328

On 28 March 2007, the EDEMSA's management successfully concluded the process of the financial debt restructuring which is described in more detail in note 22

10. TAX CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2007	2006
	$	$
Current tax	209,154	(1,741,935)
Deferred taxation	8,335,053	5,132,457
	8,544,207	3,390,522

	2007	2006
	$	$
Profit/(loss) on ordinary activities before tax	69,581,929	(22,186,858)
Tax charge/(credit) on accounting loss at standard rate of 35% (2006 35%)	24,353,675	(7,765,400)
Effects of		
Expenses not deductible for tax purposes	157,078	(10,399)
Rate difference	45,776	0
Recovery of deferred tax position	(29,602,091)	0
Recovery of minimum notional tax	(12,373,005)	1,741,935
Tax loss of which no deferred asset was recognised	0	3,334,906
Amortisation of goodwill (tax deductible)	0	(691,564)
Unrelieved tax losses	3,217,106	0
Consolidation adjustment with no tax effect	5,657,254	0
Current tax charge/(credit) for the year	(8,544,207)	(3,390,522)

The tax rate used for the 2007 and 2006 reconciliations above is the corporate tax rate of 35% payable by corporate entities in Argentina on taxable profits under tax law in that jurisdiction

NOTES TO THE FINANCIAL STATEMENTS

11. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share is presented on three bases basic earnings per share, diluted earnings per share, and adjusted basic earnings per share Basic earnings/(loss) per share is in respect of all activities and diluted earnings/(loss) per share takes into account the dilution effects which would arise on conversion or vesting of warrants in issue Adjusted basic earnings/(loss) per share excludes exceptional items to enable comparison of the underlying earnings/(losses) of the business with prior periods

	2007	2006
	$	$
Basic earnings/(loss) per share	0 15	(0 35)
Diluted earnings/(loss) per share	0 14	(0 35)
Adjusted basic earnings/(loss) per share	0 48	(0 35)
Profit/(loss) for the financial year attributable to equity holders	7,083,993	(9,686,172)
Adjustments		
Exceptional items	16,163,584	0
Adjusted profit/(loss) for the financial year attributable to equity holders	23,247,577	(9,686,172)
Weighted average number of shares	48,133,737	27,851,851
Effect of dilutive warrants	3,693,146	0
Diluted weighted average number of shares	51,826,883	27,851,851

12 INTANGIBLE ASSETS

	Goodwill	Exploration assets	Concession	Total
	$	$	$	$
Cost				
At 1 January 2006	50,550,028	0	0	50,550,028
Additions	0	0	0	0
Acquisitions	0	0	0	0
At 31 December 2006	50,550,028	0	0	50,550,028
Additions	0	40,587,214	0	40,587,214
Acquisitions	22,599,378	0	12,356,750	34,956,128
At 31 December 2007	73,149,406	40,587,214	12,356,750	126,093,370
Amortisation				
At 1 January 2006	0	0	0	0
Charge for the year	0	0	0	0
At 31 December 2006	0	0	0	0
Acquisitions	0	0	0	0
Impairment losses charge to profit and loss	16,163,584	0	0	16,163,584
Charge for the year	0	0	91,903	91,903
At 31 December 2007	16,163,584	0	91,903	16,255,487
Net Book Value				
At 31 December 2007	56,985,822	40,587,214	12,264,847	109,837,883
At 31 December 2006	50,550,028	0	0	50,550,028

NOTES TO THE FINANCIAL STATEMENTS

12. INTANGIBLE ASSETS (continued)

Goodwill

The goodwill of US$50,550,028 arose on the acquisition of the electricity business in the Province of Mendoza in 1998 The recoverable amount of this asset is determined based on value-in-use calculations These calculations use cash flow projections based on financial budgets, adapted to cover a 5 year period Cash flows beyond the 5 year period are extrapolated using estimated growth rates The cash flows include estimated assumptions for tariff increases, gross margins, growth rates and discount rates Management determines the budgeted gross margin based on past performance and its expectations for market development The weighted average growth rates are consistent with the forecasts included in industry reports The discount rates used are pre-tax and reflect specific risks relating to the industry

Goodwill of US$6,435,794 arose on the acquisition of the Group's interest in HASA and is discussed in more detail in note 27

Goodwill of US$16,163,584 arose on the reverse acquisition and is discussed in more detail in note 27

Exploration assets

Patagonia Oil & Gas S A ("Patagonia") and a subsidiary of the Group are parties to a consortium agreement setting out the terms under which they would participate in public bids in Argentina and South America for permits for exploration and exploitation of hydrocarbons in certain areas Each party to the consortium agreement has 50% voting rights and equal authority with respect to the administration and governance of the consortium In economic terms, the Group has a 20% carried working interest and a 3% direct working interest in oil and gas assets acquired by the consortium Until a licence block is declared commercial, Patagonia is obligated to contribute all funds required to comply with the consortium's obligations under awarded licences, save to the extent of the 3% working interest held by the Group Such contributions are then recouped out of any proceeds before distribution of profit shares to the two partners

The Group is also party to a royalty agreement with Andes Oil, under which it will earn a 20% royalty on the value of the marketed hydrocarbons produced in each of the licence blocks after deduction of the Government's royalty and the carried participation of the operator

Three exploration licences have been awarded to date covering a total of seven blocks Exploration licences run for an initial period of three years followed by a second exploration period of two years and a final exploration period of one year At the end of each exploration phase, 50% of the remaining area must be relinquished or converted into an exploitation or evaluation concession

Exploitation concessions are granted for a period of 25 years although an extension of 10 years may be granted under terms and conditions to be established at the time of the extension

In addition the Group also has a 20% interest in 2 licence blocks in the province of Neuquen

Concession assets

The concession assets were acquired as part of the acquisition of HASA The recoverable amount was determined based on value-in-use calculations These calculations use the net present value of projected EBITDA and NOPAT financials based on historic performance for the last 6 years and calculate a fair value over the remaining 37 years of the concession This amount is amortised on a straight line basis over the remaining life of the concession

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

Group	Network and transformer stations and other works	Buildings and land	Machinery and equipment	Transformers	Work in progress and others	Total
	$	$	$	$	$	$
Cost						
At 1 January 2006	239,724,306	15,228,797	12,639,826	20,511,649	16,970,897	305,075,475
Transfers	2,986,555	79,698	580,214	1,099,087	(4,745,554)	0
Grants	0	0	0	0	(1,094,362)	(1,094,362)
Additions	17,097	3,796	76,402	0	9,880,842	9,978,137
Disposals	(16,290)	0	0	(40,710)	(35,131)	(92,131)
At 31 December 2006	242,711,668	15,312,291	13,296,442	21,570,026	20,976,692	313,867,119
Acquisitions	0	0	5,028	0	2,274,611	2,279,639
Transfers	4,912,151	521,895	891,368	1,121,749	(7,447,163)	0
Grants	0	0	0	0	(1,405,990)	(1,405,990)
Additions	10,228	0	20,290	1,014	11,455,086	11,486,618
Disposals	(127,402)	0	0	(73,510)	(24,334)	(225,246)
At 31 December 2007	247,506,645	15,834,186	14,213,128	22,619,279	25,828,902	326,002,140
Depreciation						
At 1 January 2006	117,129,447	2,176,747	7,062,645	8,632,202	7,792,876	142,793,917
Charge for the year	5,868,632	300,063	602,742	562,195	961,565	8,295,197
At 31 December 2006	122,998,079	2,476,810	7,665,387	9,194,397	8,754,441	151,089,114
Acquisitions	0	0	3,156	0	900,841	903,997
Charge for the year	5,936,266	316,804	665,915	580,588	1,006,274	8,505,847
At 31 December 2007	128,934,345	2,793,614	8,334,458	9,774,985	10,661,556	160,498,958
Net Book Value						
At 31 December 2007	118,572,300	13,040,572	5,878,670	12,844,294	15,167,346	165,503,182
At 31 December 2006	119,713,589	12,835,481	5,631,055	12,375,629	12,222,251	162,778,005

NOTES TO THE FINANCIAL STATEMENTS

13 PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Machinery and equipment	Work in progress and others	Total
	$	$	$
Cost			
At 1 April 2006	5,028	9,398	14,426
Additions	0	0	0
At 31 December 2006	5,028	9,398	14,426
Additions	5,498	0	5,498
At 31 December 2007	10,526	9,398	19,924
Depreciation			
At 1 April 2006	332	4,454	4,786
Charge for the year	1,564	2,358	3,922
At 31 December 2006	1,896	6,812	8,708
Charge for the year	1,916	2,586	4,502
At 31 December 2007	3,812	9,398	13,210
Net Book Value			
At 31 December 2007	6,714	0	6,714
At 31 December 2006	3,132	2,586	5,718

14. INVESTMENTS

	The Group 2007 $	The Group 2006 $	The Company 2007 $	The Company 2006 $
Loans to other entities carried at amortised cost	4,576,208	0	0	0
	4,576,208	0	0	0

The energy and capacity that HASA does not sell in the Argentine term market is sold in the Argentine wholesale market through transactions administrated by the Compañia Administradora del Mercado Mayorista Eléctrico S A ("CAMMESA") However, the lack of determination of a uniform price by the Argentine Energy Secretariat led there to being insufficient funds to finance the wholesale market resulting in the creation of the Fund for the Necessary Investments to allow for the Increase of Electric Power Supply in the Argentine Wholesale Electric Power Market ("FONINVEMEM") Participating creditor agents, were required to invest in such fund the amounts owed to them Furthermore, participating agents are entitled to share in the benefits of the construction of two new electricity generating companies The loan detailed above represents the amount invested in the fund

15. INVESTMENTS IN SUBSIDIARIES

Company	Investment in subsidiary undertakings $	Total $
Cost		
At 1 January 2007	0	0
Additions	89,983,121	89,983,121
Transfers	0	0
At 31 December 2007	89,983,121	89,983,121
Provisions		
At 1 December 2006	0	0
Provided in year	0	0
At 31 December 2007	0	0
Net Book Value		
At 31 December 2007	89,983,121	89,983,121
At 31 December 2006	0	0

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARIES (continued)

At 31 December 2007 the Company had the following subsidiary undertakings They have the same year-end date as the Company and have been included in the consolidated financial statements The Company's principal subsidiaries undertakings all have share capital consisting solely of ordinary shares All interests held are indirect apart from the interest in Andes Energia Argentina S A , which is direct and the interests in Andes Electricidad S A , Andes Oil S A and Integra oil S A , which are partly direct and partly indirect

	Country of incorporation	Area of operation	Ownership interest %	Activity
Andes Energia Argentina S A	Argentina	Argentina	100	Holding
Andes Electricidad S A	Argentina	Argentina	100	Holding
Andes Oil S A	Argentina	Argentina	100	Oil and gas
Integra Oil S A	Argentina	Argentina	100	Oil and gas
Inversora Andina de Electricidad S A *	Argentina	Argentina	50	Holding
Mendinvert S A *	Argentina	Argentina	50	Holding
Sodem S A *	Argentina	Argentina	50	Holding
Empresa Distribuidora de Electricidad de Mendoza S A	Argentina	Argentina	26	Electricity distribution
Hidroelectrica del Sur S A	Argentina	Argentina	80	Holding
Hidroelectrica Ameghino S A	Argentina	Argentina	47	Electricity generation

*The results of these operations are consolidated in the results of the Group due to an option subsisting at the end of the year to acquire the remaining 50% interest, which was exercised after the year end

16 AVAILABLE FOR SALE FINANCIAL ASSETS

	The Group 2007 $	The Group 2006 $	The Company 2007 $	The Company 2006 $
Unlisted equity securities	9,418	9,418	0	0
Listed government bonds	590,153	774,310	0	0
	599,571	783,728	0	0

17 INVENTORIES

	The Group 2007 $	The Group 2006 $	The Company 2007 $	The Company 2006 $
Raw materials and consumables	3,792,216	3,416,719	0	0
	3,792,216	3,416,719	0	0

NOTES TO THE FINANCIAL STATEMENTS

18. INVESTMENTS

	The Group 2007 $	The Group 2006 $	The Company 2007 $	The Company 2006 $
Investments carried at fair value through profit and loss	0	0	0	749,580
Investments held for trading	1,295,787	0	1,295,787	1,765,490
Loans to other entities carried at amortised cost	1,051,367	0	1,051,367	732,252
	2,347,154	0	2,347,154	3,247,322

19. TRADE AND OTHER RECEIVABLES

CURRENT	The Group 2007 $	The Group 2006 $	The Company 2007 $	The Company 2006 $
Trade receivables	12,132,398	11,635,063	0	0
Less provision for impairment	(4,913,688)	(4,658,092)	0	0
	7,218,710	6,976,971	0	0
Advances under option agreements	8,035,936	0	8,035,936	0
Advance to suppliers	292,818	636,607	0	0
Other taxes and social security	548,690	0	548,690	72,086
Grants	1,650,635	244,644	0	0
Other debtors	7,413,014	9,805,949	0	0
Prepayments and accrued income	9,034,208	9,180,715	110,238	116,770
	34,194,011	26,844,886	8,694,864	188,856

NON-CURRENT	The Group 2007 $	The Group 2006 $	The Company 2007 $	The Company 2006 $
Trade receivables	0	131,267	0	0
	0	131,267	0	0

Trade receivables constitute the only financial assets that fall within the scope of IAS 39

Trade receivables are non-interest bearing and generally have a 40 to 60 day term Due to their short maturities, the fair value of trade receivables approximates to their book value

19 TRADE AND OTHER RECEIVABLES (continued)

A provision for impairment of trade receivables is established when there is no objective evidence that the Group will be able to collect all amounts due according to the original terms The Group considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired

Provision for impairment of trade receivables	2007	2006
	$	$
As at 1 January	4,658,092	4,954,501
Impairment losses recognised on receivables	464,235	587,630
Amounts written off as uncollectible	(208,639)	(884,039)
Amounts recovered during the year	0	0
Impairment losses reversed	0	0
As at 31 December 2007	4,913,688	4,658,092

As at 31 December 2007, trade receivables of US$4,913,688 were impaired (2006 US$4,658,092)

As at 31 December 2007 trade receivables of US$2,542,383 were past due but not impaired (2006 US$2,902,191) The ageing analysis of these trade receivables is as follows

Ageing of past due but not impaired	2007	2006
	$	$
Up to 3 months past due	953,391	1,028,306
3 to 6 months past due	499,988	517,968
Over 6 months past due	1,089,004	1,355,917
	2,542,383	2,902,191

20. CASH AND CASH EQUIVALENTS

	The Group 2007	The Group 2006	The Company 2007	The Company 2006
	$	$	$	$
Cash at bank and in hand	2,199,971	5,339,772	(193,998)	458,866
Short term bank deposits	21,147,260	187,279	21,147,260	7,350,988
	23,347,231	5,527,051	20,953,262	7,809,854

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE AND OTHER PAYABLES

CURRENT	The Group 2007 $	The Group 2006 $	The Company 2007 $	The Company 2006 $
Trade payables	5,545,008	3,586,151	419,079	98,818
Social security and other taxes	5,480,447	7,590,312	116,244	12,550
Royalties payable under concessions	3,666,799	1,541,661	0	0
Accrued expenses	12,954,050	8,911,728	888,362	198,868
Government payables related to compensation funds	984,640	2,016,253	0	0
Other creditors	1,454,211	1,399,333	0	0
	30,085,155	25,045,438	1,423,685	310,236

NON-CURRENT	The Group 2007 $	The Group 2006 $	The Company 2007 $	The Company 2006 $
Social security and other taxes	1,766,705	0	0	0
	1,766,705	0	0	0

The directors consider that the carrying amount of trade and other payables approximates to their fair value

22. FINANCIAL LIABILITIES

CURRENT	The Group 2007 $	The Group 2006 $	The Company 2007 $	The Company 2006 $
Bonds	2,550,893	58,128,613	0	0
Bank borrowings	0	29,868,847	0	0
Other borrowings	4,014,304	0	3,697,950	0
Accrued financial interest	0	73,294,826	0	0
	6,565,197	161,292,286	3,697,950	0

NON-CURRENT	The Group 2007 $	The Group 2006 $	The Company 2007 $	The Company 2006 $
Bonds	66,118,704	0	0	0
	66,118,704	0	0	0

22. FINANCIAL LIABILITIES (continued)

Bonds

The bonds represent the amounts owed to EDEMSA's bond holders following the successful restructuring of EDEMSA's debt on 28 March 2007 The previous debt has been de-recognised and the new notes have been recognized at fair value based on the present value of management's best estimate of the expenditure required, taking into account all the requirements established in the agreement with bond holders The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability EDEMSA has discounted the probable cash flows of the new debt applying a 10 2% annual rate in US$

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

As at 31 December 2007 the following EDEMSA debt securities were in issue

(i) Class A simple, non-convertible notes with a face value of USD 1 00 each, due in 2018, for a total amount of USD 58,650,000
(ii) Class B simple, non-convertible notes with a face value of USD 1 00 each, due in 2018, for a total amount of USD 17,814,969
(iii) Class D simple, non-convertible notes with a face value of USD 1 00 each, due in 2018, for a total amount of USD 14,544,706 and 14,544,706 Class D Certificates, due in 2027.

The basics terms of the securities are as follows

(i) The notes are direct, unconditional and general obligations of EDEMSA and will be treated, at all times, pari passu with other outstanding present or future non-priority, general obligation notes of EDEMSA, except for notes with priorities according to effective legal regulations The company may redeem the notes at any time in certain cases
(ii) The notes provide for the payment of principal on arrears in quarterly installments on 31 March, 30 June, 30 September and 31 December, each year, beginning on 31 March 2007 The annual principal amortization schedule steps up
(iii) The notes establish that interest will be paid quarterly in arrears on the principal payment dates The first interest payment date was 31 March 2007
(iv) The class A and class B notes provide that interest will accrue on the outstanding principal as from the date of issue at a step-up annual fixed rate established in accordance with the following a 1% interest rate during the first two years as from the date of issue, a 2% interest rate in the third and fourth years and a 4% interest rate as from that year (i e from the fifth year onwards)
(v) The class D notes provide that interest will accrue on outstanding principal as from January 1, 2009 at a step-up annual fixed rate established in accordance with the following no interest will accrue during the first two years as from the date of issue, a 1% interest rate in the third and fourth years and a 3% interest rate as from the fifth year
(vi) The class D notes include an additional payment with excess cash flows semi-annually from 30 April 2008 to 31 October 2027 This right is represented in the Class D certificates

Under the agreement with bondholders EDEMSA must comply with certain covenants including

(i) Debt/EBITDA ratios
(ii) Capital expenditures restrictions
(iii) Working capital restrictions

The terms and conditions of the notes also include standard commitments for these transactions related to the following

- Restrictions on liens
- Restrictions on new indebtedness
- Restrictions on transactions with shareholders and related companies
- Restrictions on restricted payments
- Delivery of financial statements
- Restrictions on mergers and consolidations

22. FINANCIAL LIABILITIES (continued)

As of the end of this period, all the above commitments have been fulfilled

	2007	2006
	$	$
Maturity profile of the Group's borrowings including interest and principal:		
Within 1 year	2,637,675	161,292,286
Between 1 and 5 years	38,813,000	0
After 5 years	70,172,000	0
	111,622,675	161,292,286
Interest payments	(20,613,000)	(55,198,016)
	91,009,675	106,094,270

Other borrowings

During 2002, as a result of the economic crisis in Argentina, HDS restructured its debt All creditors apart from one agreed to the restructure HDS and this creditor are renegotiating the final amount and payment schedule and HDS has recorded the debt as of 31 December 2007 in other borrowings, at management's best estimate of the debt fair value In addition a part of the terms of the reverse acquisition the Group assumed certain obligations in relation to advance payments made to secure an option to acquire the remaining 50% of SODEMSA

Loan facilities

The Company has secured a US$5,000,000 senior secured loan facility under which funds will be available for drawdown until 31 January 2008 The Company will pay an interest rate of 12% per annum on funds drawn down and funds drawn will be due for repayment within 12 months of drawdown with the option to extend repayment of US$3,000,000 for a further 6 months The loan will be secured on a 15% shareholding in SODEMSA held by the Group

23. PROVISIONS

	Restoration	Legal claims	Total
	$	$	$
As at 1 January 2006	514,104	5,633,348	6,147,452
Additional provisions	0	2,197,166	2,197,166
Used during the year	(347,312)	(1,196,243)	(1,543,555)
As at 31 December 2006	166,792	6,634,271	6,801,063
Additional provisions	0	1,457,543	1,457,543
Used during the year	(166,792)	(710,482)	(877,274)
As at 31 December 2007	0	7,381,332	7,381,332

The legal claim provision represents a provision for certain legal claims related to penalties in connection with service quality The provision charge is recognised in the income statement within cost of sales In the management's opinion, after taking appropriate legal advice, the outcome of these claims is unlikely to give rise to any significant loss in excess of the amounts provided

The restoration provision is recognition of the present value of the costs to be incurred for the cleaning of certain components in transformers

NOTES TO THE FINANCIAL STATEMENTS

24. DEFERRED TAX

Deferred tax asset	Provision for bad debts	Notional income tax	Provision charges	Withholding taxes	Other	Carry forward	Total
	$	$	$	$	$	$	$
As at 1 January 2007	1,986,009	0	1,553,651	2,980,767	1,708,092	8,709,677	16,938,196
Adjustments in respect of prior periods	0	0	0	(2,980,767)	327,152	0	(2,653,615)
Arising on acquisition	0	0	172,016	0	0	0	172,016
Charged/credited to the profit and loss account	129,688	12,373,005	864,820	0	(128,146)	8,825,865	22,065,232
Minimal notional tax paid	0	1,750,855	0	0	0	0	1,750,855
As at 31 December 2007	2,115,697	14,123,860	2,590,487	0	1,907,098	17,535,542	38,272,684

Deferred tax liability	Fair value of property plant and equipment	Write off from intangibles	Borrowings	Total
	$	$	$	$
As at 1 January 2007	20,479,321	122,111	0	20,601,432
Adjustments in respect of prior periods	0	0	(2,980,767)	(2,980,767)
Arising on acquisition	1,693,071	0	0	1,693,071
Charged/credited to the profit and loss account	(942,608)	3,365,123	11,307,664	13,730,179
As at 31 December 2007	21,229,784	3,487,234	8,326,897	33,043,915

Net deferred income tax asset/(liability) as at 31 December 2007	5,228,769
Net deferred income tax asset/(liability) as at 31 December 2006	(3,663,236)

25. CALLED UP SHARE CAPITAL

	2007 Number of shares	2007 $	2006 Number of shares	2006 $
Authorised				
Ordinary shares of 10 pence	500,000,000	100,000,000	100,000,000	20,000,000
Allotted, called up and fully paid				
Ordinary shares of 10 pence	117,094,598	23,418,920	24,015,147	4,803,030

On 2 October 2007 the Company issued 64,888,889 ordinary shares of 10 pence each at 54 pence per share in satisfaction of the consideration to purchase certain utility assets as well as oil and gas exploration interests in Argentina

On 2 October 2007 the Company placed 12,000,000 ordinary shares of 10 pence each at 54 pence per share

On 12 October 2007 the Company issued 6,666,667 ordinary shares of 10 pence each at 54 pence per share in satisfaction of the consideration to purchase an interest in hydroelectric power plant in Argentina

On 22 October 2007 the Company issued 46,296 ordinary shares pursuant to the exercise of certain warrants

On 7 November 2007 the Company issued 347,043 ordinary shares of 10 pence each at 54 pence per share in satisfaction of the adjustment to the consideration to purchase certain utility assets as well as oil and gas exploration interests in Argentina

On 7 December 2007 the Company placed 9,130,556 ordinary shares of 10 pence each at 100 pence per share

Pursuant to the acquisition on 1 October 2007 referred above, deferred consideration of up to an additional 252,962,962 ordinary shares is payable over the next few years based on certified oil and gas reserves

26 WARRANTS

The Group has constituted warrant instruments to create and issue warrants to subscribe for ordinary shares Details of warrants granted are as follows

At start of year No.	Granted during year No.	Exercised during year No.	At end of year No.	Exercise price	Exercise date from	Exercise date to
1,750,000	0	0	1,750,000	$1 08	July 2005	July 2014
46,296	0	(46,296)	0	$1 08	July 2005	July 2014
0	12,000,000	0	12,000,000	$1 08	October 2008	October 2012
0	12,000,000	0	12,000,000	$1 08	October 2008	October 2012
0	3,550,000	0	3,550,000	$1 08	October 2008	October 2014
0	2,000,000	0	2,000,000	$1 08	October 2008	October 2010
1,796,296	29,550,000	(46,296)	31,300,000			

The weighted average remaining contractual life of the warrants is 4 95 years

26. WARRANTS (continued)

All warrants, apart from the 5,550,000 granted to management and advisers, are outside the scope of "IFRS2 Share-Based Payments"

For those warrants outside the scope of IFRS2 Share-Based Payments the table below summarises the number of warrants and the associated weighted average exercise price (WAEP) outstanding during the year

	2007 No.	2007 WAEP	2006 No.	2006 WAEP
Outstanding at 1 January	1,796,296	$1 08	1,796,296	$1 08
Granted during the year	26,000,000	$1 08	0	$1 08
Exercised during the year	(46,296)	$1 08	0	$1 08
Outstanding at 31 December	27,750,000		1,796,296	
Exercisable at 31 December	1,750,000		1,796,296	

For those warrants within the scope of IFRS 2 Share Based Payments the table below summarises the number of warrants and the associated weighted average exercise price (WAEP) outstanding during the year

	2007 No.	2007 WAEP	2006 No.	2006 WAEP
Outstanding at 1 January	0	54 pence	0	
Granted during the year	5,550,000	54 pence	0	
Exercised during the year	0	54 pence	0	
Outstanding at 31 December	5,550,000		0	
Exercisable at 31 December	0		0	

The fair values of warrants which fall under the scope of IFRS2 were calculated using the binomial option pricing model The estimated fair values of options, which fall under IFRS2 and the inputs used in the binomial option model to calculate those fair values are as follows

Date of grant	Number	Estimated fair value	Share price	Exercise price	Expected volatility percentage	Expected life years	Risk free rate percentage	Expected dividends percentage
7 September 2007	3,550,000	21 pence	54 pence	54 pence	35%	7	5 10%	0%
7 September 2007	2,000,000	15 pence	54 pence	54 pence	35%	3	5 21%	0%

The Group recognised expense of US$103,250 related to equity settled share-based payment transaction during the year

27 ACQUISITIONS

The Company

On 2 October 2007 the Company acquired a 50% interest in SODEMSA and an option over the remaining 50% and in accordance with IFRS 3 Business Combinations, this transaction has been accounted for as a reverse acquisition

The Company has been consolidated from the date of the reverse acquisition using the fair value of its assets and liabilities at that date Using the purchase method of accounting, notional consideration for the acquisition of US$ 26,033,559, equivalent to the assumed market value of the Company at the date of the reverse, resulted in goodwill on acquisition as follows

Net assets acquired	Book value	Fair value adjustments	Fair value
	$	$	$
Property, plant and equipment	2,100	0	2,100
Investments	2,275,070	0	2,275,070
Trade and other receivables	1,853,050	0	1,853,050
Cash and cash equivalents	7,086,842	0	7,086,842
Trade and other payables	(1,287,099)	0	(1,287,099)
Deferred tax liabilities	(59,988)	0	(59,988)
	9,869,975	0	9,869,975
Goodwill			16,163,584
Notional consideration			26,033,559

Impairment was immediately recognised in relation to the goodwill arising on the reverse acquisition

From the date of acquisition the entity contributed a loss of US$915,510

27. ACQUISITIONS (continued)

Hidroelectrica del Sur S.A.

On 15 October 2007 the Group acquired 80% of Hidroelectrica del Sur S A , which controls 59% of Hidroelectrica Ameghino S A for a consideration of US$13,200,000, which was satisfied by the payment of US$6,000,000 in cash and US$7,200,000 by the issue of 6,666,667 ordinary shares in the Company at 54 pence each This transaction has been accounted for by the purchase method of accounting

Net assets acquired	Book value	Fair value adjustments	Fair value
	$	$	$
Intangible assets	13,550,309	(1,193,559)	12,356,750
Property, plant and equipment	1,373,542	0	1,373,542
Investments	71,935	4,666,615	4,738,550
Trade and other receivables	8,554,657	(7,194,222)	1,360,435
Cash and cash equivalents	543,105	0	543,105
Trade and other payables	(503,481)	(25,871)	(529,352)
Borrowings	(391,935)	0	(391,935)
Social security and other taxes	(4,490,723)	0	(4,490,723)
Deferred tax liabilities	(1,415,161)	1,311,406	(103,755)
	17,292,248	(2,435,631)	14,856,617
Minority interest			(8,029,645)
Transaction costs			(62,766)
Goodwill			6,435,794
Total consideration			13,200,000

Net cash outflow on acquisition	$
Total purchase consideration	13,200,000
Less Non cash consideration	(7,200,000)
Consideration paid in cash	6,000,000
Less Cash and cash equivalent balances acquired	(543,105)
	5,456,895

The goodwill is attributable to the profitability of the business

The results of the acquired entity have been consolidated in the income statement from the date of acquisition, 15 October 2007

27. ACQUISITIONS (continued)

Hidroelectrica del Sur S.A. (continued)

The concession agreement was executed on 31 October 1994 by and between the Federal Government (the "Grantor") and HASA Pursuant to the concession agreement the Federal Government granted the concession of the Florentino Ameghino hydroelectric complex to HASA, in order to operate and use the hydroelectric resources and the facilities of the hydroelectric complex for the generation and sale of electricity for a 50 year term The concession automatically terminates upon expiration of the term

Pursuant to the concession agreement, the hydroelectric complex assets were assigned by the Federal Government to HASA in 1994 Upon expiration of the concession term these "state-owned assets" shall be transferred by law to the Federal Government, without payment or consideration to the concession operator

From the date of acquisition the entity contributed a loss of US$222,552 attributable to equity holders

Pro-forma full year information

The following unaudited pro-forma summary presents the Group as if all the businesses acquired in the year ended 31 December 2007 had been acquired on 1 January 2007 or 1 January 2006 respectively This pro-forma summary excludes the impact of any exceptional items The pro-forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of the future results of operations of the combined companies

	2007	2006
	$	$
Revenue	115,129,785	103,591,643
Profit/(loss) for the year after tax	93,898,392	(15,884,914)
Profit/(loss) for the year after tax attributable to equity holders	22,499,405	(3,120,514)

NOTES TO THE FINANCIAL STATEMENTS

28. NOTES TO THE CASH FLOW STATEMENT

Group	2007	2006
	$	$
Profit/(loss) before tax	69,581,929	(22,186,858)
Depreciation and amortisation	8,597,750	8,295,197
Impairment write off	16,163,584	0
Share based payments	103,250	0
Profit on sale of property, plant and equipment	343,696	156,841
Movement in net debt	(84,205,842)	19,908,066
Increase in inventories	(5,255,853)	(6,912,521)
Increase in trade and other receivables	(2,731,522)	(4,539,160)
Increase in creditors and other payables	1,667,667	7,397,161
Increase in provisions for liabilities and charges	1,921,659	2,197,166
Tax	232,621	(1,741,935)
	6,418,939	2,573,957

Company	2007	2006
	$	$
(Loss)/profit before tax	(1,927,062)	239,634
Depreciation and amortisation	4,502	3,922
Profit on sale of investments	(73,654)	0
Other gains and losses	65,761	(368,828)
Increase in trade and other receivables	(4,808,301)	(143,576)
Increase in creditors and other payables	1,113,448	227,720
Share based payment	103,250	0
Tax	0	(82,410)
	(5,522,056)	(123,538)

29. MINORITY INTEREST

	2007	2006
	$	$
At 1 January	26,098,697	35,208,861
Reverse acquisition	21,724,625	0
Profit/(loss) attributable to minority interests	71,042,143	(9,110,164)
At 31 December	118,865,465	26,098,697

30. RESERVES

The merger reserve is a non-distributable capital reserve arising from the issue and allotment of shares at a price higher than the nominal value of the shares and issued to satisfy purchase consideration The reverse acquisition reserve is a non-distributable capital reserve arising on consolidation as a result of the business combination with SODEMSA The other reserve is a fair value arising from the valuation of certain assets and liabilities at fair value

31 CAPITAL COMMITMENTS

	2007	2006
	$	$
Commitments for the acquisition of property, plant and equipment	3,841,098	9,621,914

The Group has a 3% working interest in certain oil and gas assets acquired by the consortium referred to in note 12 Where the consortium has been awarded an exploration permit in respect of a licence block the Group is obligated to contribute 3% of all monetary funds required to comply with, and fulfil all contractual obligations imposed under the permit

The Group has a 20% working interest in 2 licence block in the Neuquen basin The Group is obligated to contribute 20% of all monetary funds required to comply with, and fulfil all contractual obligations imposed under the permit

32. CONTINGENCIES

(a) Contingent asset

On 3 July 2006, EDEMSA was notified by the Argentine fiscal bureau of the disallowance of a portion of value added tax credits used in prior years The assessment is based on an objection by that authority that the credits used by EDEMSA derived from drawbacks on exports acquired from third parties

On 7 August 2006, an appeal was lodged before the General Director of the Argentine fiscal bureau against the administrative resolutions that disallowed the above-mentioned credits

At the date of these financial statements, the Group has charged to profit and loss a payment made to the tax authority as a result of that claim for US$860,375 The Group has received from the tax bureau a demand to pay interest on the amount claimed and an appeal has been lodged to avoid payment of the interest

In the opinion of the EDEMSA's tax advisors, the criterion used by the Argentine fiscal bureau is not in line with tax regulations The directors of EDEMSA believe it will recover this amount from the Argentine fiscal bureau and have taken the necessary steps to enforce its rights in the face of the Tax Authority's claim Notwithstanding, EDEMSA has accrued the interest requested by the fiscal authority

(b) Contingent liability

The Company has received a claim from the Argentine fiscal bureau in respect of a different interpretation of tax assessed in certain years On 25 June 2007 the Company received notice from the authorities of its intention to pursue the claim plus interest and penalties In the opinion of EDEMSA's tax advisors, the criterion used by the Argentine fiscal bureau is not in line with tax regulation For this reason the Company has not made a provision for this claim On 19 July 2007 EDEMSA filed appeals with the National Tax Court

Apart from the above there are no other contingencies, other than those which have been specifically provided for in the financial statements

33. FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, foreign exchange risk, liquidity risk and cash flow and fair value interest rate risk At 31 December 2007 the Group had not entered into any derivative transactions nor does it trade financial instruments as a matter of policy

33. FINANCIAL RISK MANAGEMENT (continued)

Price risk

Whilst the Group is not subject to price risk due to the service nature of the services it provides, the Group's business is based on a regulated tariff structure The Group has not entered into any derivative arrangements in this connection

In connection with electricity sales, the Group is not exposed to risk in relation to fluctuations in the prices paid to purchase the electricity in the market since any price fluctuations are passed on to the customers

The Group is exposed to commodity price risk in relation to the purchase of copper wires used in the distribution networks The Group does not use derivatives to hedge this risk

The Group is also exposed to price risk due to inflationary increases in the purchase price of the goods and services it purchases and equity securities price risk on quoted equity investments

Credit risk

The Group's business is exposed to credit risks due to the possibility that customers may fail to meet their financial obligations In accordance with the local legislation, the Group is not able to subject its customer portfolio to a regular credit risk assessment The Group has the right to disconnect services if customers fail to meet their financial obligations

The Group is also subject to counter party credit risk attributable to its deposits of cash and cash equivalents The risk is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies

Foreign exchange risk

The Group is exposed to foreign exchange risk with respect to the Argentine Pesos/US$ Foreign exchange risk arises from recognised liabilities, mainly bonds At 31 December 2007 the Group has not entered into any derivative arrangements to hedge this risk

The bonds are denominated in US$, whilst the revenue and expenses of the operating unit are denominated in Argentine Pesos While a significant devaluation is not expected in the short term, the Group continually monitors its position and since the year-end has entered into hedge arrangements with a local bank to cover the payments due over the next 9 month period and is currently evaluating whether to extend this cover for a further 9 months The Group believes that it is prudent to maintain this type of forward cover, as it is probable that should the local currency devalue sharply, it would take a period of 12 to 18 months for tariff increases to compensate for the effect However, independent of the impact of a devaluation on cash flow, exchange rate fluctuations impact the result for the period relating to any unhedged amount of the outstanding debt In 2007, the effect of exchange rate fluctuation was US$1 million

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities

Cash flow and fair value interest rate risk

The Group's interest rate risk arises primarily from its bonds Borrowings at variable rates expose the Group to cash flow interest rate risk Borrowings at fixed rates expose the Group to fair value interest rate risk The Bonds only accrue interest at fixed rates The Group does not use derivative instruments to hedge this risk

NOTES TO THE FINANCIAL STATEMENTS

34. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Groups' ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital

The Group defines capital as being share capital plus reserves The board of directors monitors the level of capital as compared to the Group's long term debt commitments and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares, reducing or increasing debt, paying dividends and returning capital to shareholders

The Group is not exposed to any externally imposed capital requirements

35. RELATED PARTY TRANSACTIONS

Substantial shareholders

During the year the Company assumed the obligations of certain advance payments made by Ketsal S A , a substantial shareholder, under the agreement to acquire the interest in SODEMSA At the year end a balance of US$3,697,950 was due to Ketsal S A

During the year the Company entered into an option agreement to acquire a 50% interest in a producing oil field in Vega Grande in Argentina An amount of US$1 3 million was advanced to secure the option, which will be refunded if the option is not exercised Jose Luis Manzano, a substantial shareholder, has a minority interest in the asset

Directors

During the year the Group paid EP&F Capital plc US$75,528 (2006 US$41,870) in respect of advisory services Both Nigel Duxbury and Lance O'Neill are directors of EP&F Capital plc At the period end US$23,851 (2006 US$0) was outstanding

Key Management Compensation

Compensation for key management of the Company who have authority for planning, directing and controlling the Group,

	2007	2006
	$	$
Salaries and other short term benefits	1,130,819	228,446
Share based payments	28,650	0
	1,159,469	228,446

36. POST BALANCE SHEET EVENTS

On 23 January 2008 the Government of Mendoza passed a decree authorising EDEMSA to adjust electricity tariffs by an increase of between 10% and 27%, to be implemented on 1 February 2008

On 21 February 2008 the Group completed the acquisition of the remaining 50% indirect interest in SODEMSA As a consequence the Group now owns the entire issued share capital of SODEMSA, which as a 51% controlling interest in EDEMSA The cash consideration of approximately $30 million was funded partly by a US$3 million advance payment made by the Company, partly by the loan facility referred to in note 22, partly by certain advance payments made by Ketsal S A, which obligation has been assumed by the Group and partly from the funds raised through the share placing on 7 December 2007

Andes Energia plc

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Luis Alvarez Poli (Chief Executive)
Nigel Duxbury (Finance Director)
Neil Bleasdale (Non-Executive)
Marcelo Combahant (Non-Executive)
Nicolas Mallo Huergo (Non-Executive)
Keith Wills (Non-Executive)

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