



26th June 2008

GASOL PLC
('Gasol' or 'the Company')

Preliminary Results for the twelve months ended 29 February 2008

Gasol plc (AIM: GAS), the AIM-listed company founded to identify and secure commercially attractive opportunities in the newly-emerging African gas sector, is pleased to announce its preliminary results for the year ended 29 February 2008.

Highlights

- Option to acquire the remaining 80% of African LNG Holdings successfully exercised since year-end.
- Co-operation agreement signed between African LNG, E.ON Ruhrgas AG and Afren plc to assess the feasibility of developing, aggregating and monetising Nigerian gas reserves for domestic and export purposes.
- Significant strengthening of the Board with the appointments of the Chief Executive Officer and two Non-Executive Directors during the year under review, of Dr Lukman as Strategic Advisor to the Board, and, since the year-end, of a Non-Executive Chairman, a Chief Financial Officer and Mr Ethelbert Cooper as Strategic Advisor to the Board.
- Acquisition of 75% of Afgas Infrastructure Limited, a project company established to support the gas infrastructure-related activities in the Gulf of Guinea region, and of 75% of Afgas Nigeria Limited.
- A loss for the year of £2.73m (2007: £1.13m), equating to a loss per share of 1.75p; (2007: 0.89p).
- Placing since year-end raising £4.0m.

Soumo Bose, Chief Executive of Gasol plc, commented: *"The year ahead is promising; with strong fundamentals in the gas and LNG business and key acquisitions in place, Gasol is now in position to take its business to the next level. We expect to see good progress in the various projects and opportunities being pursued by the Company."*

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Gasol shares trade under the ticker symbol 'AIM: GAS'. Further information is available from the Company's website: www.gasolplc.com.

Chief Executive Statement

The financial year 2007-08, together with the period following the year-end, represents a milestone in the evolution of Gasol. We have considerably strengthened the Board and management team; completed the acquisition of 100% of African LNG and 75% of both Afgas Infrastructure Limited and Afgas Nigeria; established strategic alliances with two major international organisations, E.ON (Europe's largest integrated utility) and Teekay Corporation (the shipping group); and have built upon our existing relationship with Afren plc.

With these achievements in place, the Company is ideally positioned to build a substantial business along the gas value chain and it is with pride that I present my review as Gasol's Chief Executive Officer.

Gasol – an African gas play

Our strategy is to monetise reserves in Africa, which historically have been regarded as stranded and potentially flared, with an initial focus on Nigeria and Equatorial Guinea. Given the substantial reserves in this region, we see exciting growth opportunities. We intend to establish a series of partnerships involving gas gathering, liquefaction of natural gas and the shipment and regasification of LNG into high-value markets world-wide. We are also exploring synergistic gas monetisation opportunities such as Liquefied Petroleum Gas (LPG) and Gas to Liquids (GTL).

The gas sector continues to be attractive

The fundamentals of the gas markets and, within them, of LNG, are robust. Global demand for gas and LNG is forecast to continue to grow and prices are expected to remain at their current high levels for the foreseeable future. Gasol is in prime position to take advantage of this market, due to our expertise and knowledge of the African gas sector, where the aggregation of "stranded gas" discoveries now represents a particularly attractive business opportunity.

We have completed some important acquisitions

During the period under review, Gasol acquired a 75% equity stake in Afgas Infrastructure Limited, which has development activities in gas aggregation and processing systems, and 75% of Afgas Nigeria Limited, whose activities are focused on gas infrastructure and other gas related activities in Nigeria. The combined cash consideration for these acquisitions was £400,000.

Since the financial year end, Gasol has exercised its option to acquire the remaining 80% of African LNG, a landmark development for Gasol and its shareholders, providing the springboard from which we will build a significant gas business in the Gulf of Guinea. African LNG brings a combination of business opportunities at various stages of development, relationships in the region, and a management team with significant experience in African oil and gas. The vendor, African Gas Development Corporation ("AFGAS"), and those acting in concert with AFGAS, now hold approximately 63% of Gasol's issued share capital.

We have made good progress in our organic business development

We are actively developing key relationships and alliances with companies along the gas value chain in order to progress our business development activities.

Upstream – Alliance with Afren plc

Gasol's strategic relationship with Afren plc – which includes our exclusive right of first refusal to purchase gas – provides access to a significant number of gas reserves in Africa. In March 2008, Afren signed Production Sharing Contracts for blocks OPL 907 and 917 in the gas rich Anambra basin area of Nigeria: OPL 907 contains the Akukwa gas and condensate discovery while OPL 917 contains the Igbariam gas and oil discovery.

Gas Aggregation and Monetisation - Nigeria

In January 2008, African LNG entered into a cooperation agreement with Afren and E.ON Ruhrgas AG to investigate the availability and accessibility of gas in Nigeria, with a focus on the Anambra Basin and South Eastern regions. The parties intend to develop, collect and monetise gas for domestic and export purposes, in line with the Federal Government of Nigeria's Gas Master Plan and are working to evaluate the opportunity, focusing upon, inter alia, upstream data, and the cost of infrastructure development; the capacity of and technology to be used in any potential liquefaction facility; and the location of facilities.

Gas Infrastructure and Monetisation – Equatorial Guinea

Gasol's strategic relationship with Afgas provides an opportunity to work with Sonagas, the state-owned gas company of Equatorial Guinea, under a joint venture agreement to monetise gas located offshore. During the year under review, Afgas assigned its rights under this Joint Venture (subject to consent from Sonagas and other necessary approvals) to sell and market gas to African LNG.

Heads of Agreement for Floating LNG – Teekay Corporation

In April, Gasol and African LNG signed important Heads of Agreement with Teekay Corporation, which owns and operates LNG carriers and other marine energy transportation and production vessels, to develop LNG capacity using floating LNG technologies.

We have strengthened our team

One of my first tasks following my appointment was to ensure that, in order to deliver our strategy, Gasol had access to the highest levels of skill and experience.

In this respect, we are delighted to welcome Theo Oerlemans as Non-Executive Chairman of Gasol. Theo spent almost 40 years with Shell, developing and managing international gas projects, and has extensive West African experience. In addition, other key appointments, including the appointment of Rachel English as our Chief Financial Officer, have significantly strengthened the quality and calibre of the Gasol Board.

Attracting and retaining high quality staff is vital to our business success. Our acquisition of African LNG has already endowed us with a ready-formed team of professionals, considerably experienced in the gas industry and in African LNG in particular, and we will continue to build our management team in line with our business growth and strategy. Important additions to our senior team include Miles Thomas, appointed Company Secretary in June 2008, and Mike Burdon, who joined as Commercial Director of African LNG. Miles has experience advising on banking, corporate and project finance transactions at Latham & Watkins and White & Case. Mike was formerly head of the London LNG practice at Poter & Partners.

Outlook and challenges

The year ahead is promising; with strong fundamentals in the gas and LNG business and key acquisitions in place, Gasol is now in position to take its business to the next level. We expect to see good progress in the various projects and opportunities being pursued by the Company.

However, we are building a business with long-term horizons, large capital requirements, and dependencies on host government policies, which means we also have various challenges to overcome. These include the increasing capital cost of projects, which has delayed several projects worldwide and the intensified competition from energy majors and sovereign states in the race for gas assets and energy security.

Gasol has an innovative business model and, with its strategic differentiators as a niche player, is well-placed to meet these challenges, convert its opportunities into successes and deliver value to shareholders.

Financial Review by the Chief Financial Officer, Rachel English

I am pleased to have joined Gasol at this exciting period in its development and I very much look forward to the journey ahead.

The Group recorded a loss for the year of £2.73m (2007: £1.13m), equating to a loss per share of 1.75p; (2007: 0.89p). This comprised mainly business development costs and conservatively managed administrative expenses and represents the strengthening of the management team and the implementation of Gasol's business development plan. The movements in goodwill and intangible assets relate to the acquisitions during the year of Afgas Infrastructure Limited and Afgas Nigeria Limited. Gasol maintains a strong balance sheet with net assets of £8.03m at 29 February 2008 (28 February 2007: £10.58m).

Cash expenditure during the year amounted to £3.5m, of which £0.7m related to non-recurring expenditure. In April 2008, Gasol announced the successful placing which raised £4.0m from new investors and existing shareholders; the proceeds are financing our current business development activities. Further funding will be sought as new opportunities crystallise and/or existing projects mature into the next phase of development.

Consolidated Income Statement for the year ended 29 February 2008

	Year ended 29 February 2008 £	Year ended 28 February 2007 £
Administrative expenses	(2,883,364)	(1,343,123)
Loss from operations	(2,883,364)	(1,343,123)
Finance income	156,185	210,423
Finance costs	(553)	-
Loss before taxation	(2,727,732)	(1,132,700)
Tax expense	-	-
Loss for the year	(2,727,732)	(1,132,700)
Loss per ordinary share		
Basic and diluted loss per share	(1.75p)	(0.89p)

All results relate to continuing activities.

All losses for the year are attributable to equity shareholders of the parent.

**Consolidated Statement of Changes in Equity
for the year ended 29 February 2008**

	Share capital £	Share premium £	Translation reserve £	Retained earnings £	Total £
Balance at 1 March 2006	457,500	3,327,915	-	(122,494)	3,662,921
Loss for the year and total recognised income and expense for the year	-	-	-	(1,132,700)	(1,132,700)
Recognition of share-based payments	-	-	-	789,133	789,133
New equity share capital subscribed	321,333	6,936,078	-	-	7,257,411
Balance at 28 February 2007	778,833	10,263,993	-	(466,061)	10,576,765
Exchange rate translation	-	-	(2,303)	-	(2,303)
Loss for the year	-	-	-	(2,727,732)	(2,727,732)
Total recognised income and expense for the year	-	-	(2,303)	(2,727,732)	(2,730,035)
Recognition of share-based payments	-	-	-	179,971	179,971
Balance at 29 February 2008	778,833	10,263,993	(2,303)	(3,013,822)	8,026,701

Share capital account

Share capital records the nominal value of shares in issue.

Share premium account

Share premium records the receipts from issue of share capital above the nominal value of the shares. Share premium is stated net of direct issue costs.

Translation reserve

Translation gains and losses arising on the retranslation of net assets of subsidiaries whose presentational currency is not sterling are recognised directly in equity in the Translation reserve.

Retained earnings

Retained earnings records the cumulative profits less losses recognised in the income statement, net of any distributions and share-based payments made.

**Consolidated Balance Sheet
as at 29 February 2008**

	29 February 2008	28 February 2007
	£	£
Assets		
Non-current assets		
Goodwill	5,734,413	5,624,989
Intangible assets	506,200	-
Property, plant and equipment	370,843	129,669
Total non-current assets	6,611,456	5,754,658
Current assets		
Trade and other receivables	410,748	122,178
Cash and cash equivalents	1,446,955	5,007,036
Total current assets	1,857,703	5,129,214
Total assets	8,469,159	10,883,872
Liabilities		
Current liabilities		
Trade and other payables	368,302	155,227
Short-term borrowings	-	7,723
Total current liabilities	368,302	162,950
Non-current liabilities		
Long-term borrowings	74,156	144,157
Total non-current liabilities	74,156	144,157
Total liabilities	442,458	307,107
Net assets	8,026,701	10,576,765
Equity		
Share capital	778,833	778,833
Share premium account	10,263,993	10,263,993
Translation reserve	(2,303)	-
Retained losses	(3,013,822)	(466,061)
Total equity attributable to equity holders of the parent	8,026,701	10,576,765

**Consolidated Cash Flow Statement
for the year ended 29 February 2008**

	Year ended 29 February 2008 £	Year ended 28 February 2007 £
Loss before taxation	(2,727,732)	(1,132,700)
Adjustments for:		
Finance income	(156,185)	(210,423)
Finance costs	553	
Depreciation charges	131,038	2,759
Share-based payment charge	179,971	48,733
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(2,572,355)	(1,291,631)
Increase in receivables	(253,382)	(80,602)
Increase in payables	174,703	54,419
	<hr/>	<hr/>
Net cash absorbed by operating activities	(2,651,034)	(1,317,814)
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	156,185	210,423
Expenditure on development of intangible assets	(253,430)	-
Purchases of property, plant and equipment	(371,095)	(128,318)
Purchase of subsidiary undertakings inclusive of costs and net cash acquired	(375,489)	(991,005)
	<hr/>	<hr/>
Net cash absorbed by investing activities	(843,829)	(908,900)
	<hr/>	<hr/>
Cash flows from financing activities		
Interest paid	(553)	-
Proceeds from issue of share capital net of issue costs	-	2,877,411
Payment of long term borrowings	(70,001)	-
	<hr/>	<hr/>
Net cash (absorbed by)/generated from financing activities	(70,554)	2,877,411
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(3,565,417)	650,697
Effect of movement in foreign exchange rates	13,059	-
Cash and cash equivalents at start of year	4,999,313	4,348,616
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Cash and cash equivalents at end of year	1,446,955	4,999,313
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Notes to the preliminary results for the year ended 29 February 2008

1. Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements have for the first time been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations adopted by the European Union (“EU”) (“IFRS”) and also those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS.

An explanation of how the transition from UK accounting standards to IFRS has affected the reported financial position and financial performance of the Group is included within note 28.

In the current year the Group has adopted IFRS 7 Financial Instruments: disclosures along with a complementary amendment to IAS 1, Presentation of financial Statements – Capital disclosures, which is effective for annual reporting periods beginning on or after 1 January 2007. IFRS 7 introduces new disclosures to improve information reported in relation to financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity to market risk.

Five interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) are effective for the current period. These are: IFRIC 7 Applying the Restatement Approach under IAS 29; Financial Reporting in Hyperinflationary Economies, IFRIC 8 Scope of IFRS2; IFRIC 9 Reassessment of Embedded Derivatives; IFRIC 10 Interim Financial Reporting and Impairment; and IFRIC 11 Group and Treasury Share Transactions. The adoption of these Interpretations has not led to any impact on the group’s accounts from adoption.

The IASB and IFRIC have issued the following standards and interpretations which were not effective for the current reporting period.

<i>International Accounting Standards (IAS/IFRS)</i>	<i>Effective date</i>
Improvements to IFRSs	1 January 2009
IFRS 8 - Operating Segments	1 January 2009
IAS 1* Amendment - Presentation of financial statements: a revised presentation	1 January 2009
IAS 23* Amendment - Borrowing costs	1 January 2009
IAS 27* Amendment - Consolidated and separate financial statements	1 July 2009
IFRS 2* Amendment - Share based payment: vesting conditions and cancellations	1 January 2009
IFRS 3* Revised - Business combinations	1 July 2009
IAS 32 and 1* Amendment - Puttable financial instruments and obligations arising on Liquidation	1 January 2009

Basis of preparation (continued)

<i>International Financial Reporting Interpretations (IFRIC)</i>	<i>Effective date</i>
IFRIC 12* - Service concession arrangements	1 January 2008

Notes to the preliminary results for the year ended 29 February 2008

IFRIC 13* - Customer loyalty programmes	1 July 2008
IFRIC 14* - (IAS 19) The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

The proposed amendment in respect of IAS 27 “Consolidated and separate financial statements” will result in the share of losses attributable to non-controlling interests being split out from amounts attributable to equity holders of the parent company upon consolidation. Based on the current year’s reported results, the Group would derecognise £724,799 in respect of losses attributable to non-controlling interests. It is not currently possible to determine what the corresponding amounts will be at the date of adoption of the amendment. With the exception of the proposed amendment to IAS 27, the adoption of these standards, interpretations and amendments in the table above will not significantly affect the Group’s reported results of operations or financial position.

Items marked * have not yet been endorsed by the EU at the date of these financial statements.

2. Significant accounting policies

Basis of consolidation

The consolidated financial statements present the results of the Company and entities controlled directly or indirectly by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The Company holds an option to purchase the remaining 80% of the issued share capital of African LNG Holdings Limited.

The existence of the option gives the Company effective control over African LNG Holdings at the balance sheet date and at 28 February 2007.

Minority interests in the net assets or liabilities of consolidated subsidiaries are identified separately from the Group’s equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) 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 that the minority has a binding obligation and is able to make an additional investment to cover the losses. For this reason, no minority interests are recognised in these financial statements.

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

The Company has taken advantage of the exemption under section 230 of the Companies Act 1985 and has not presented its income statement in these financial statements. The Company’s income statement includes a loss after tax of £1,686,883 (2007: £845,355).

Significant accounting policies (continued)

Business combinations

Notes to the preliminary results for the year ended 29 February 2008

The results of subsidiaries acquired in the year are included in the income statements from the date they are acquired. On acquisition, all of the subsidiaries' assets and liabilities that exist at the date of acquisition are recorded at their fair values, reflecting their condition at that date.

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill arising on consolidation represents the excess of the consideration paid on acquisition over the Group's interest in the fair value of the identifiable assets (including any intangible assets), liabilities and contingent liabilities acquired. Goodwill is not amortised but is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development activities is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives from the point at which they are brought into use. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

Significant accounting policies (continued)

Notes to the preliminary results for the year ended 29 February 2008

Foreign currencies

The individual financial records of each group company are recorded in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of producing consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In maintaining the financial records of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. When consolidated results are produced, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the date of the balance sheets. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting 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 year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities on an accounting basis and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Significant accounting policies (continued)

Notes to the preliminary results for the year ended 29 February 2008

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset or liability is realised or settled.

Property, plant and equipment

Office equipment and fixtures and fittings are stated at cost less accumulated depreciation and any recognised impairment loss. The cost is its purchase cost together with any incidental costs of acquisition.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method over the following periods:

Office equipment	2 years
Fixtures and fittings	4 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Significant accounting policies (continued)

Notes to the preliminary results for the year ended 29 February 2008

Financial instruments

Financial assets and financial liabilities are recognised at fair value in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry interest. They are initially recognised at fair value, and are subsequently measured at amortised cost. Where amortisation is insignificant, receivables are stated at their nominal value unadjusted to reflect discounting for the time value of cash flows recoverable and are reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Trade payables

Trade payables are not interest bearing. They are initially recognised at fair value, and subsequently measured at amortised cost. Where amortisation is insignificant, payables are stated at their nominal value.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Borrowings

Loans from other group companies are provided at zero interest. Gasol has the option to repay these loans at any time. Gasol can only be required to repay the loans on the receipt of 12 months notice. Therefore these loans are classified as non-current liabilities. They are initially measured at fair value and subsequently at amortised cost.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

Significant accounting policies (continued)

Notes to the preliminary results for the year ended 29 February 2008

Share-based payments (continued)

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Investment income

Investment income relates to interest income, which is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Loss from operations

Loss from operations is stated after crediting all operating income and charging all operating expenses, but before crediting or charging finance income or expense.

Segmental reporting

Gasol currently operates only one class of business and all operations are based out of the same location, being the United Kingdom. As such, no separate analysis of the performance and position of business segments has been disclosed in the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The value of the majority of the goodwill is underpinned by the future cash flows expected to be generated through the development of early stage opportunities arising in African LNG Holdings Limited ("African LNG").

Critical accounting judgements and key sources of estimation uncertainty (continued)

Notes to the preliminary results for the year ended 29 February 2008

Impairment of goodwill (continued)

African LNG has put in place agreements, whereby they will get first right of refusal over certain gas reserves that will be acquired by an upstream partner in Nigeria. The business model intends to take advantage of opportunities presented by the increase in availability of marginal fields and the associated gas. As the downstream partner, African LNG will earn revenues through the liquefaction and distribution of gas from the marginal fields.

The main risks and sensitivities associated with the goodwill relate to the upstream partner securing sufficient gas volumes from a range of asset owners. The commercial terms of this may also vary significantly.

The project options being assessed at present would take between 3 and 5 years to construct, with the targeted commercial start being 2014.

Global demand for Liquefied Natural Gas ("LNG") has increased by roughly 3% per annum over the last four years and it is envisaged that this trend will continue.

For discounting purposes, a rate of 12.5% has been used, to reflect the cost of capital associated with this type of development.

Assuming operating phases of roughly 20 years for most of the potential developments and cash inflows commencing in 2014 and discounting back to a present value, the carrying value of goodwill related to African LNG is supported entirely.

Impairment of other intangible assets

Assessing the value of other intangible assets recognised by the Group requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The value of the intangible assets held in Afgas Infrastructure Limited ("AIL") is underpinned by the future cash flows expected to be generated from the use of subsea pipelines and related infrastructures developed by AIL.

The main risks and sensitivities associated with the development relate to ability of the upstream partner, Sociedad Nacional de Gas de Guinea Equatorial, to arrange the necessary gas supplies to implement the project.

The project is estimated to have a commercial start date of 2011 and an initial operational life of 10 years.

For discounting purposes, a rate of 15% has been used, to reflect the cost of capital associated with this type of development.

Discounting back to a present value, the carrying value of the intangible assets in AIL is supported entirely.

Discounting back to a present value, the carrying value of the intangible assets in AIL is supported entirely.

4. The financial information set out above does not constitute the company's statutory accounts for the years ended February 2007 or February 2008, but is derived from those accounts. Statutory accounts for February 2007 have been delivered to the Registrar of Companies and those for February 2008 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under the Companies Act 1985, s237(2) or (3).