

Gasol Plc
Interim report and financial statements
for the 6 months ended 30 September 2009

Registered number: 5350159

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Officers and Professional Advisors

Directors	Haresh Kanabar	Non-Executive Chairman
	Ewen Wigley	Chief Operating Officer
	Paul Biggs	Non-Executive Director
	Osman Shahenshah	Non-Executive Director

Company Secretary & Registered Office	Miles Thomas 40 New Bond Street London, W1S 2RX
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Company Number	5350159
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Nominated Advisor And Broker	Panmure Gordon & Co 155 Moorgate London EC2M 6XB
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Accountants	Whale Rock Limited 50 Gresham Street London EC2V 7A Y
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Auditors	BDO LLP 3 Hard man Street Spinningfields Manchester, M3 3AT
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Solicitors	K&L Gates LLP 110 Cannon Street London, EC4N 6AR
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Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
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Chairman's Statement for the six months ended 30 September 2009

In the period since 31st March 2009, Gasol has continued to make significant progress in developing its unique strategy of monetising stranded gas assets in the Gulf of Guinea. The Group has gained access to its first gas in Equatorial Guinea, made progress on its South East Nigeria project (SENCO), completed its £3 million fund raising target and has appointed Panmure Gordon (UK) Limited as its new nominated advisor and broker. Most recently Gasol has announced it is undertaking a strategic review of the gas monetisation opportunities in West Africa.

Although the economic environment has improved over the last six months, it remains difficult for a development group such as Gasol to progress its business as quickly as it had hoped 18 months ago, especially with respect to financing. However, despite the challenging environment, the Directors believe that there is still a strong interest in a well-managed, risk-mitigated, innovative group.

Business Update

On 23rd June 2009 Gasol announced its direct equity participation in a Joint Venture with SONAGAS, the national gas company of Equatorial Guinea, and so has acquired access to gas currently being flared in the Zafiro Development Area ("ZDA"). A Joint Venture, SONAF, has been established to develop gas commercialisation projects and associated infrastructure in Equatorial Guinea, with particular emphasis on Block B in the ZDA. Gasol and its partners have commissioned a detailed study of the gas reserves in Block B in the ZDA which were previously estimated at 500-750 bcf. Once Gasol and its partners obtain an accurate estimate of the gas reserves in place, they will be able to decide on the best project development plan to follow.

On 11th December 2009, Gasol announced that it had commenced a review of the strategy of the Group, with its largest shareholder African Gas Development Corporation ("AfGas"). In particular, the Group will reassess all of the opportunities available for monetisation of stranded gas assets in the Gulf of Guinea, taking into account the speed with which projects can be developed and desire to achieve early shareholder returns. Gasol anticipates that the review will result in new business activities to be developed alongside the existing projects already under development. The Company expects to announce the conclusion of the review during the first quarter of 2010.

Management Change

Theo Oerlemans, Gasol's Non-Executive Chairman, unexpectedly stepped down in October 2009 to devote time to personal matters relating to his health. Theo has been instrumental in the early development of Gasol. I have been appointed Non-Executive Chairman while Gasol's Board actively seeks a candidate with strong experience and expertise in the gas business in West Africa.

Ewen Wigley was appointed to the Board as Chief Operating Officer on 11th December 2009 while Soumo Bose resigned as Chief Executive Officer on the same day to pursue other career opportunities. Ewen is currently Head of Corporate Development for AfGas. He has more than 20 years structural and operating experience in the City of London. Ewen will be responsible both for managing the gas monetisation projects in West Africa and supporting the Board on strategic matters.

Corporate Update

Gasol appointed Panmure Gordon (UK) Limited as its new nominated advisor and broker in December 2009. Panmure Gordon has established a reputation for excellence during its 130-year history as corporate and institutional stockbroker and investment bank. The group provides corporate and institutional clients with access to the combined financial expertise of approximately 280 dedicated professionals across eight cities in the UK and the US. Panmure brings an extensive experience in the Oil and Gas sector, a focus on small companies, and an ability to assist Gasol in its fund raising activity throughout its development.

In August 2009, Gasol completed its £3 million funding programme which had been announced in January 2009. Afren and AfGas, Gasol's two main shareholders, have shown their confidence and trust in Gasol's strategy and management and have continued to support the company financially throughout the year.

Chairman's Statement for the six months ended 30 September 2009 (continued)

Gasol is fully aware that significant funding will be required in order to realise its strategy and to progress its projects to final investment decision stage and beyond, and this is being taken into account as part of the strategic review. The longer term success of Gasol will, to a large extent, depend on its ability to mobilise the required funding for its projects and its corporate development expenditure. Through 2010, we expect to report good progress in fund raising activities.

Financial Review

The Group recorded a loss for the period of £3,351,837 (2008: loss £1,624,642), equating to a loss of 0.32 pence per share (2008: a loss of 0.26 pence per share). The loss includes an amount of £884,032 within Finance Costs that reflects a fair value of the warrants that were issued as part of the £1 million placing in August 2009. The Group had cash balances of £0.3 million (2008: £3.0 million) and no debt at 30 September 2009 (2008: nil) and has continued to manage its cash position carefully.

The consolidated results include the whole of the loss incurred in SONAF, as Gasol provides all of the debt funding to SONAF and this partnership would have no net assets to distribute to equity holders in the event of a winding up.

Outlook

Gasol's development and success will depend on its ability to turn its existing partnerships with upstream, technology and downstream companies into project development agreements thereby crystallising gas monetisation opportunities. Gasol expects to progress its project in the Gulf of Guinea in the coming year. Ultimately Gasol's success will depend primarily on its capability to raise money, both for the projects and for corporate business development activities.

Haresh Kanabar

Chairman

17 December 2009

**Consolidated Statement of Comprehensive Income
for the six months ended 30 September 2009**

	Note	Unaudited 6 months ended 30 September 2009 £	Unaudited 6 months ended 31 August 2008 £	Audited 13 months ended 31 March 2009 £
Other operating income	5	34,000	12,096	249,697
Administrative expenses		(2,517,567)	(1,665,975)	(5,327,347)
Gain arising on bargain purchase	7	19,261	-	-
Loss from operations		<u>(2,464,306)</u>	<u>(1,653,879)</u>	<u>(5,077,650)</u>
Finance income		59	30,452	44,837
Finance costs	8	(887,590)	(1,215)	(18,225)
Loss before taxation		<u>(3,351,837)</u>	<u>(1,624,642)</u>	<u>(5,051,038)</u>
Tax expense	6	-	-	-
Loss for the period		<u><u>(3,351,837)</u></u>	<u><u>(1,624,642)</u></u>	<u><u>(5,051,038)</u></u>
Other comprehensive income/(expense):				
Exchange differences arising on translation of foreign operations		14,199	(11,648)	(12,669)
Other comprehensive income/(expense) for the period		14,199	(11,648)	(12,669)
Total comprehensive expense for the period		<u><u>(3,337,638)</u></u>	<u><u>(1,636,290)</u></u>	<u><u>(5,063,707)</u></u>
Loss per ordinary share				
Basic and diluted loss per share	4	<u><u>(0.32p)</u></u>	<u><u>(0.26p)</u></u>	<u><u>(0.67p)</u></u>

All results relate to continuing activities.

All of the loss and total comprehensive expense is attributable to equity shareholders of the parent.

**Consolidated Statement of Changes in Equity
for the six months ended 30 September 2009**

	Share capital £	Share premium £	Reverse acquisition reserve £	Capital contribution reserve £	Translation reserve £	Retained earnings £	Total equity £
At 1 March 2008	50	-	-	900,000	-	(848,781)	51,269
Exchange rate translation	-	-	-	-	(11,648)	-	(11,648)
Loss for the period	-	-	-	-	-	(1,624,642)	(1,624,642)
Total recognised income and expense for the six months ended 31 August 2008	-	-	-	-	(11,648)	(1,624,642)	(1,636,290)
Reverse acquisition	4,146,618	71,695,196	(67,694,366)	(900,000)	-	-	7,247,448
Capital contributions received	-	-	-	74,156	-	-	74,156
Recognition of share-based payments	-	-	-	-	-	65,463	65,463
At 31 August 2008	4,146,668	71,695,196	(67,694,366)	74,156	(11,648)	(2,407,960)	5,802,046
Exchange rate translation	-	-	-	-	(1,021)	-	(1,021)
Loss for the period	-	-	-	-	-	(3,426,396)	(3,426,396)
Total recognised income and expense for the seven months ended 31 March 2009	-	-	-	-	(1,021)	(3,426,396)	(3,427,417)
Issue of share capital	1,000,000	-	-	-	-	-	1,000,000
Recognition of share based payments	-	-	-	-	-	317,224	317,224
At 31 March 2009	5,146,668	71,695,196	(67,694,366)	74,156	(12,669)	(5,517,132)	3,691,853
Exchange rate translation	-	-	-	-	14,199	-	14,199
Loss for the period	-	-	-	-	-	(3,351,837)	(3,351,837)
Total recognised income and expense for the six months ended 30 September 2009	-	-	-	-	14,199	(3,351,837)	(3,337,638)
Issue of share capital	271,958	1,324,432	-	-	-	-	1,596,390
Recognition of share based payments	-	-	-	-	-	1,236,462	1,236,462
At 30 September 2009	5,418,626	73,019,628	(67,694,366)	74,156	1,530	(7,632,507)	3,187,067

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.

Capital contribution reserve

Contributions provided to entities by shareholders that are not intended by either party to be repaid are accounted for as capital contributions.

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.

Reverse acquisition reserve

A reverse acquisition reserve is established to take account of acquisitions that are deemed to be reverse acquisitions under International Financial Reporting Standards.

Retained earnings

The accumulated loss reserve records the cumulative profits less losses recognised in the income statement, net of any distributions made.

**Consolidated Statement of Financial Position
at 30 September 2009**

	Unaudited 30 September 2009 £	Unaudited 31 August 2008 £	Audited 31 March 2009 £
Assets			
Non-current assets			
Goodwill	2,978,700	2,978,700	2,978,700
Property, plant and equipment	191,733	298,187	260,853
Total non-current assets	<u>3,170,433</u>	<u>3,276,887</u>	<u>3,239,553</u>
Current assets			
Trade and other receivables	306,540	333,913	268,602
Cash and cash equivalents	343,855	3,038,084	782,286
Total current assets	<u>650,395</u>	<u>3,371,997</u>	<u>1,050,888</u>
Total assets	<u><u>3,820,828</u></u>	<u><u>6,648,884</u></u>	<u><u>4,290,441</u></u>
Liabilities			
Current liabilities			
Trade and other payables	(633,761)	(846,838)	(598,588)
Total current liabilities	<u>(633,761)</u>	<u>(846,838)</u>	<u>(598,588)</u>
Total liabilities	<u><u>(633,761)</u></u>	<u><u>(846,838)</u></u>	<u><u>(598,588)</u></u>
Net assets	<u><u>3,187,067</u></u>	<u><u>5,802,046</u></u>	<u><u>3,691,853</u></u>
Equity			
Share capital	5,418,626	4,146,668	5,146,668
Share premium account	73,019,628	71,695,196	71,695,196
Reverse acquisition reserve	(67,694,366)	(67,694,366)	(67,694,366)
Total issued equity	<u>10,743,888</u>	<u>8,147,498</u>	<u>9,147,498</u>
Capital contribution reserve	74,156	74,156	74,156
Translation reserve	1,530	(11,648)	(12,669)
Retained losses	(7,632,507)	(2,407,960)	(5,517,132)
Equity attributable to equity holders of the parent	<u><u>3,187,067</u></u>	<u><u>5,802,046</u></u>	<u><u>3,691,853</u></u>

The interim financial statements were approved by the board of directors and authorised for issue on 17 December 2009. They were signed on its behalf by:

Ewen Wigley
Chief Operating Officer

**Consolidated Statement of Cash Flows
for the six months ended 30 September 2009**

	Unaudited 6 months ended 30 September 2009 £	Unaudited 6 months ended 31 August 2008 £	Audited 13 months ended 31 March 2009 £
Loss before taxation	(3,351,837)	(1,624,642)	(5,051,038)
Adjustments for:			
Finance income	(59)	(30,452)	(44,837)
Finance costs	3,558	1,215	18,225
Depreciation charges	57,881	21,691	108,903
Impairment of intangible asset	-	506,200	633,481
Share-based payment charge	1,236,462	65,463	382,687
Non-cash settlement of expenses	96,390	-	-
Gain arising from bargain purchase	(19,261)	-	-
Operating cash flows before movements in working capital	<u>(1,976,866)</u>	<u>(1,060,525)</u>	<u>(3,952,579)</u>
Decrease in receivables	53,826	10,546	75,857
Decrease in payables	(21,698)	(325,268)	(533,453)
Net cash absorbed by operating activities	<u>(1,944,738)</u>	<u>(1,375,247)</u>	<u>(4,410,175)</u>
Investing activities			
Interest received	59	30,452	44,837
Net cash recognised on reverse acquisition	-	4,275,227	4,275,227
Cash recognised on acquisition of joint venture	3,373	-	-
Expenditure on development of intangible assets	-	-	(127,281)
Purchases of property, plant and equipment	-	-	(90,964)
Net cash generated by investing activities	<u>3,432</u>	<u>4,305,679</u>	<u>4,101,819</u>
Financing activities			
Interest paid	(3,558)	(1,215)	(18,225)
Proceeds from disposal of property, plant and equipment	6,433	-	-
Proceeds from issue of share capital net of issue costs	1,500,000	-	1,000,000
Net cash inflow/(outflow) from financing activities	<u>1,502,875</u>	<u>(1,215)</u>	<u>981,775</u>
Net (decrease)/increase in cash and cash equivalents	(438,431)	2,929,217	673,419
Cash and cash equivalents at beginning of period	782,286	108,867	108,867
Cash and cash equivalents at end of period	<u><u>343,855</u></u>	<u><u>3,038,084</u></u>	<u><u>782,286</u></u>

Notes to the consolidated interim statement for the six months ended 30 September 2009

1. Basis of preparation

The financial information presented in this document has been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are expected to be applied for the year ending 31 March 2010, being the reporting date of the next statutory financial statements.

These are subject to ongoing review and endorsement by the European Union and possible amendment by the International Accounting Standards Board (IASB), and are therefore subject to possible change.

The financial information in this document relating to the 6 months ended 30 September 2009 and 31 August 2008 has not been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. The comparative information for the 13 months ended 31 March 2009 does not amount to full statutory accounts within the meaning of section 240 of the Companies Act 1985. The Annual Report and Financial Statements for the 13 months ended 31 March 2009 have been filed with the Registrar of Companies. The audit report on the financial statements of Gasol Plc for the 13 months ended 31 March 2009 was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985 but was modified to include reference to a material uncertainty regarding going concern to which the auditors drew attention to by way of emphasis without qualifying the report.

Going concern

The consolidated interim financial statements have been prepared on a going concern basis, reflecting the Directors' belief that there are sufficient financial resources in place or will be available to Gasol in order to be able to meet its present obligations as they fall due. This belief is based on the fact that Gasol is in negotiations with a strategic partner regarding additional funding, which is necessary in order for Gasol to fund its working capital requirements and business development costs for the next twelve months. If the funding from the strategic partner does not materialise, the Directors will explore financing from alternative sources such that Gasol will still be able to fund its working capital requirements and business development costs for the next twelve months.

2. Significant accounting policies - Basis of consolidation

The consolidated interim financial statements incorporate the financial statements of Gasol Plc (Gasol) and all its subsidiaries and joint ventures. The most recent set of audited financial statements for Gasol were made up to 31 March 2009.

This interim financial information for Gasol incorporates the consolidated financial statements of Gasol, African LNG Holdings Limited ("AFLNG"), African LNG Services Limited, Afgas Infrastructure Limited, Afgas Nigeria Limited and SONAF G.E.S.A. for the six months ended 30 September 2009.

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, 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 Directors note that the value of goodwill recognised in the balance sheet is underpinned by projects being undertaken in its subsidiaries. The carrying amount of goodwill at the balance sheet date was £2,978,700 with no impairment recognised on goodwill in the 6 months ended 30 September 2009 (6 months ended 31 August 2008 and 13 months ended 31 March 2009: £nil).

**Notes to the consolidated interim statement
for the six months ended 30 September 2009 (continued)**

4. Loss per ordinary share

The calculation of a basic loss per share of 0.32 pence (6 months ended 31 August 2008: loss per share of 0.26 pence; 13 months ended 31 March 2009: loss per share of 0.67 pence) is based on the loss for the period attributable to equity holders of the Gasol plc of £3,351,837 (6 months ended 31 August 2008: £1,624,642; 13 months ended 31 March 2009: £5,051,038).

The weighted average number of shares in issue used in the loss per share calculation of 1,052,897,006 (6 months ended 31 August 2008: 620,768,433; 13 months ended 31 March 2009: 753,830,346) represents the weighted average number of ordinary shares in Gasol Plc that were in issue during the period.

The weighted average number of shares in issue used for the 6 months ended 31 August 2008 is represented by the number of shares issued to the new ultimate controlling party of Gasol as part of the reverse acquisition in 2008.

Due to the loss incurred during the period, a diluted loss per share has not been disclosed as this would serve to reduce the basic loss per share.

	6 months ended 30 September 2009	6 months ended 31 August 2008	13 months ended 31 March 2009
Basic and diluted	(0.32p)	(0.26p)	(0.67p)

5. Other operating income

Other operating income relates to rental income received on the sub-letting of surplus office space.

6. Tax

The Company and the Group have incurred tax losses for the period and a corporation tax charge is not anticipated. The amount of the unutilised tax losses has not been recognised in the financial statements as the recovery of this benefit is dependent on the future profitability of certain subsidiaries, the timing of which cannot be reasonable foreseen.

7. Acquisition of joint venture

On 26 June 2009, African Gas Development Corporation, the majority shareholder in Gasol, transferred its 50% holding in SONAF G.E. S.A. ("SONAF") to Gasol for £nil consideration. The assets recognised upon transfer are as follows.

	£
Cash	3,373
Receivables	15,888
	<u>19,261</u>

No liabilities were recognised on transfer. As these assets were received for £nil consideration, a corresponding gain of £19,261 has been recorded in income for the period to reflect a bargain purchase.

The investment in the 50% of SONAF has been consolidated in full as funding is provided directly by Gasol and the company is in a net loss position. As the holder of the remaining 50% has no obligation to indemnify Gasol for any net losses that may occur on a winding up and only has rights to assets to the extent that they exceed liabilities. Gasol has recognised 100% of the assets of SONAF upon receipt of its 50% interest in SONAF.

Notes to the consolidated interim statement for the six months ended 30 September 2009 (continued)

8. Shared Based Payments

The total shared based payment expense for the 6 months ended 30 September 2009 was £1,236,462 (6 months ended 31 August 2008: £65,463; 13 months ended 31 March 2009: £382,687). Of the share-based payments charges in the period, £884,032 is recognised in finance costs (6 months ended 31 August 2008 and 13 months ended 31 March 2009: £nil). This relates to the issue of warrants to new equity holders as part of a financing arrangement.

No share based payment liability existed at 30 September 2009 (31 August 2008 and 31 March 2009: £nil).

All shared based payments are equity settled.

9. Events after the balance sheet date

Management are not aware of any events occurring between the balance sheet date of these interim financial statements and the date of their approval that would materially impact the information contained within in these financial interim statements.

10. Parent company and ultimate controlling party

Gasol is a public limited company listed on AIM and has a diverse shareholder base. That said, due to owning a holding of greater than 50% in Gasol, African Gas Development Corporation is deemed to be the ultimate controlling party.