

**DOMINION ENERGY PLC**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 June 2006**

**REGISTERED NUMBER 03986182**

# DOMINION ENERGY PLC

## HEAD OFFICE

2nd Floor, 19/20 Grosvenor Street

London

W1K 4QH

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## **DOMINION ENERGY PLC**

### **COMPANY INFORMATION**

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#### **Directors**

Mr M Alikhani (*Executive Director*)

Mr K Sodha (*Executive Director*)

Mr R Stubbs (*Executive Director*)

Mr G Burgess (*Non-executive Director*)

Mr G Verspyck (*Non-executive Director*)

#### **Company Secretary**

Mr K Sodha

#### **Registered Office**

2nd Floor, 19/20 Grosvenor Street

London

W1K 4QH

#### **Auditors**

Henderson & Co.

87 Devonshire Road

Palmers Green

London

N13 4QU

#### **Advisers**

Hichens Harrison & Co plc

Bell Court House

11 Blomfield Street

London

EC2M 1LB

## **DOMINION ENERGY PLC**

### **DIRECTORS REPORT**

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

### **PRINCIPAL ACTIVITY**

The Company is engaged in the production of oil and natural gas in the United States of America.

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

During the year we announced the acquisition of two exploration licences, Fawar and Mezzouna, in Tunisia through our new subsidiary First African Petroleum Consortium Limited incorporated in

The cost of this investment at 30 June 2006 is £3.2 million, including £2.8 million (20.4 million shares of the Company at 13.5p each) issued to International Energy Investment Holding Ltd to acquire its 38% holding in First African Petroleum Consortium Ltd.

The assessment of the licences is progressing according to plan. The loss for the year includes £142,561 (2005: nil) for management salaries, consultancy fees, travel and subsistence and other costs of office established in Tunisia.

During the year, the Admission to AIM of Cape Diamonds plc(formerly Dominion Mining plc) was completed. The Company's investment of 500,000 shares in that company at a cost of £50,000 is currently valued at £600,000.

Following our decision to focus on the exploration assets in North Africa, we had entered into negotiations to dispose of our subsidiary, Dominion Oil USA, including its oil and gas leases in

The leases were showing natural decline and required increasing spend on shut in wells as well as work over and repairs on the producing wells. Hence the management decided to focus on North Africa and the disposal of the USA subsidiary was completed recently. The subsidiary was disposed off for a consideration of US\$409,000 to Dominion USA which provided useful working

The results for the year include £55,173 loss of Dominion USA up to the date of disposal.

Administrative expense include £59,971 (2005:£75,281) for undrawn remuneration payable to Direc

### ***Board changes***

Due to the focus of the company's activities towards North Africa, Henk Jelsma, has resigned from the company to pursue his respective business activities.

We would like to thank Henk for his support to the company over the years and wish him well in his new endeavours. In due course, we will make new board appointments appropriate for the

### **RESULTS AND DIVIDENDS**

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

## DOMINION ENERGY PLC

### DIRECTORS REPORT(Contd.)

#### DIRECTORS AND THEIR INTERESTS

The Directors in office during the year were as follows:

Mr H Jelsma (resigned 01/11/06)

Mr M Alikhani

Mr G Burgess

Mr K Sodha

Mr R Stubbs

Mr G Verspyck

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

The interests (as defined in the Companies Act 1985) of the directors holding office at 30 June 2006 in the share capital of Dominion Energy PLC are shown below.

	Ordinary shares of 1p	
	30 June 06	30 June 05
Henk Jelsma	1,382,200	1,382,200
Masoud Alikhani	573,000	573,000
Kishor Sodha	1,166,666	833,333
Robert Stubbs	416,667	416,667

The interests (as defined in the Companies Act 1985) of the directors in the holding company Tecteon at 30 June 2006 were as follows

	Ordinary shares of 1p	
	30 June 06	30 June 05
Henk Jelsma	1,247,050	1,247,050
Masoud Alikhani	1,428,994	1,428,994
G Verspyck	50,000	350,000
Kishor Sodha	830,947	753,947
G Burgess	-	-
Robert Stubbs	-	-

#### Issue of shares

During the year 111,793,622 ordinary shares were issued at 1 pence each to provide working capital of £4,103,608.00

In addition, 20,401,625 and 2,652,211 ordinary shares were issued to International Energy Investment Holding Limited and Prema Mining(Pty) Limited respectively, for 43% holding in First African Petroleum Consortium Ltd "FAPCO," resulting in Dominion holding 100% of the shares in FAPCO.

#### ENVIRONMENTAL MATTERS

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

#### CREDITOR PAYMENT POLICY

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

## **DOMINION ENERGY PLC**

### **DIRECTORS REPORT(Contd.)**

#### **DIRECTORS' RESPONSIBILITIES**

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

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

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

#### **AUDITORS**

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

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

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

30 November 2006

## **INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF DOMINION ENERGY PLC**

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

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

### **Respective responsibilities of directors and auditors**

The directors' responsibility for preparing the financial statements in accordance with applicable laws, and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities, on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# **INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF DOMINION ENERGY PLC**

## **Opinion**

In our opinion:

\* the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and the Group as 30 June 2006 and of its loss and cash flow of the group for the year then ended;

\* the financial statements have been properly prepared in accordance with the Companies Act 1985; and

\* the information given in the Directors' Report is consistent with the financial statements for the year ended 30 June 2006

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

30 November 2006

**DOMINION ENERGY PLC**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 June 2006**

		<b>30.06.06</b>	<b>30.06.05</b>
	<i>Notes</i>	<b>£</b>	<b>£</b>
TURNOVER	2	<b>130,230</b>	<b>156,761</b>
Depreciation and amortisation		<b>(16,287)</b>	<b>(99,639)</b>
Goodwill on consolidation written back		<b>9,299</b>	<b>( 65,639)</b>
		<b>( 6,988)</b>	<b>34,000</b>
Other cost of sales		<b>(145,379)</b>	<b>(141,468)</b>
GROSS LOSS		<b>( 22,137)</b>	<b>( 50,346)</b>
Administrative expenses		<b>(253,970)</b>	<b>(136,170)</b>
OPERATING LOSS	3	<b>( 276,107)</b>	<b>( 186,516)</b>
Profit on sale of subsidiary		<b>54,012</b>	<b>0</b>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<b>(222,095)</b>	<b>(186,516)</b>
Tax on loss on ordinary activities	4	<b>-</b>	<b>-</b>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<b>( 222,095)</b>	<b>( 186,516)</b>
Loss per share		<b>(0.202)p</b>	<b>(0.229) p</b>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended to 30 June 2006**

Loss for the financial year		<b>( 222,095)</b>	<b>( 186,516)</b>
Exchange differences on translation into sterling of net assets of subsidiary undertaking		<b>56,768</b>	<b>936</b>
Total gains and losses recognised in the financial year	14	<b>( 165,327)</b>	<b>( 185,580)</b>

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

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

# DOMINION ENERGY PLC

## GROUP BALANCE SHEET as at 30 June 2006

	Notes	30.06.06 £	30.06.05 £
<b>FIXED ASSETS</b>			
Intangible assets	7	3,260,121	(9,299)
Tangible assets	8	51,098	426,902
Investment	9	50,000	50,000
		<u>3,361,219</u>	<u>467,603</u>
<b>CURRENT ASSETS</b>			
Debtors	10	1,634,764	134,146
Cash at bank and in hand		<u>2,570,801</u>	<u>10,086</u>
		<u>4,205,565</u>	<u>144,232</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>(447,842)</u>	<u>(428,347)</u>
<b>NET CURRENT LIABILITIES</b>		3,757,723	(284,115)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,118,942</u>	<u>183,488</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	2,164,540	816,065
Share premium account	13	6,001,505	134,104
Exchange reserve	13	(110,706)	(167,474)
Profit and loss account	13	<u>(936,397)</u>	<u>(599,207)</u>
<b>SHAREHOLDERS' FUNDS</b>	14	<u>7,118,942</u>	<u>183,488</u>

These financial statements were approved by the Board of Directors on 30 November 2006 and signed on behalf of the Board of Directors.

Mr M Alikhani

# DOMINION ENERGY PLC

## COMPANY BALANCE SHEET

as at 30 June 2006

	Notes	30.06.06 £	30.06.05 £
<b>FIXED ASSETS</b>			
Tangible assets	8	2,622	2,473
Investment in subsidiary undertakings	9	3,183,053	170,988
Investment	9	50,000	50,000
		<u>3,235,675</u>	<u>223,461</u>
<b>CURRENT ASSETS</b>			
Debtors	10	1,882,021	91,575
Cash at bank and in hand		2,529,293	370
		<u>4,411,314</u>	<u>91,945</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	(431,910)	(300,949)
		<u>3,979,404</u>	<u>(209,004)</u>
<b>NET CURRENT LIABILITIES</b>			
		<u>7,215,079</u>	<u>14,457</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>7,215,079</u>	<u>14,457</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	2,164,540	816,065
Share premium account	13	6,001,505	134,104
Profit and loss account	13	(950,966)	(935,712)
<b>SHAREHOLDERS' FUNDS</b>		<u>7,215,079</u>	<u>14,457</u>

These financial statements were approved by the Board of Directors on 30 November 2006 and signed on behalf of the Board of Directors.

Mr M Alikhani

**DOMINION ENERGY PLC**  
**GROUP CASH FLOW STATEMENT**  
**for the year ended 30 June 2006**

		<i>2006</i>	<i>2005</i>
		<i>£</i>	<i>£</i>
Net cash inflow/ (outflow) from operating activities	<i>Notes</i> 15	<u>(1,594,616)</u>	<u>37,685</u>
Purchase of Tangible fixed Assets		51,723	(3,091)
Purchase of Investment		(3,112,268)	(50,000)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<u>(4,655,161)</u>	<u>(15,406)</u>
<b>FINANCING</b>			
Issue of ordinary shares		7,215,876	0
New loans		-	-
<b>NET CASH INFLOW FROM FINANCING</b>		<u>7,215,876</u>	<u>0</u>
<b>INCREASE / (DECREASE) IN CASH</b>	16	<u><u>2,560,715</u></u>	<u><u>(15,406)</u></u>

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

	<i>£</i>	<i>£</i>
INCREASE / (DECREASE) IN CASH	<u>2,560,715</u>	<u>(15,406)</u>
Movement in net funds during the year	2,560,715	(15,406)
Net funds at 1 July 2005	<u>10,086</u>	<u>25,492</u>
<b>NET FUNDS AT 30 JUNE 2006</b>	<u><u>2,570,801</u></u>	<u><u>10,086</u></u>

# DOMINION ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS for the year to 30 June 2006

### 1 ACCOUNTING POLICIES

#### *Basis of Accounting*

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

#### *Basis of consolidation*

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

#### *Foreign Exchange*

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

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

#### *Investments*

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

## DOMINION ENERGY PLC

### NOTES TO THE FINANCIAL STATEMENTS for the year to 30 June 2006 (continued)

#### (Accounting Policies - continued)

##### *Tangible fixed asset*

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

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

##### *Depreciation and amortisation*

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

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

##### *Deferred taxation*

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

# DOMINION ENERGY PLC

## NOTES TO THE FINANCIAL STATEMENTS for the year to 30 June 2006 (continued)

### 2 TURNOVER AND SEGMENTAL INFORMATION

Turnover represents the amount of goods sold and services provided during the year stated net of any value added tax or any royalty interests to external customers. All of the group's turnover is derived from the production and sale of oil and natural gas in the United States of America.

	Profit (Loss) analysis		Asset (liability) analysis	
	30.06.06	30.06.05	30.06.06	30.06.05
	£	£	£	£
Tunisian Activities	(94,678)	0	(94,678)	0
US activities ( Discontinued Activity from 01 January 2006)	(55,173)	(131,786)	0	288,310
UK Head office	<u>(70,695)</u>	<u>(54,730)</u>	<u>4,642,819</u>	<u>(114,907)</u>
Loss on ordinary activities before taxation	(220,546)	(186,516)	4,548,141	173,403
UK net interest expense/income	<u>( 1,549)</u>	-		
Loss on ordinary activities before taxation	<u>(222,095)</u>	<u>(186,516)</u>		
Total operating assets			<u>4,548,141</u>	<u>173,403</u>
Cash			<u>2,570,801</u>	<u>10,086</u>
Total net assets			<u>7,118,942</u>	<u>183,488</u>

### 3 OPERATING LOSS

		30.06.06	30.06.05
		£	£
Operating loss is stated after charging:			
In cost of sales:			
Depreciation		16,287	(99,639)
Goodwill written back		(9,299)	34,000
In administrative expenses:			
Auditors' remuneration	- audit services	4,500	3,500
	- non audit services	5,500	4,500

## DOMINION ENERGY PLC

### NOTES TO THE FINANCIAL STATEMENTS for the year to 30 June 2006 (continued)

#### 4 TAXATION

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

#### 5 LOSS PER ORDINARY SHARE

The loss per share of 0.202 pence (2005: loss 0.229 pence) has been calculated on the loss of £222,095 (2005: loss £186,516) and on 109,770,937 (2005: 81,606,500) ordinary shares, being the weighted average number of ordinary shares issued during the year ended 30 June 2006

#### 6 DIRECTORS AND STAFF

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

	<b>30.06.06</b>	30.06.05
	<b>£</b>	£
Highest paid director	<b>16,972</b>	32,281
Staff costs including directors		
Wages and salaries	<b>149,832</b>	75,281
Social Security costs	<b>5,504</b>	5,504
	<b>155,336</b>	80,785

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

	<b>30.06.06</b>	30.06.05
Management	<b>2</b>	2

#### 7 INTANGIBLE ASSETS - GOODWILL

<b>Group</b>	<b>30.06.06</b>	30.06.05
<i>Cost</i>	<b>£</b>	£
At 1 July 2005	<b>(9,299)</b>	(43,299)
Goodwill arising on acquisition of FAPCO	<b>3,260,121</b>	0
Released to profit and loss account	<b>9,299</b>	34,000
As at 30 June 2006	<b>3,260,121</b>	(9,299)

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

The USA subsidiary has been sold during the year.

During the year, the company acquired the entire share capital of First Africa Petroleum Consortium Ltd a company registered in Bermuda. The company owns the concession of oil and gas rights in Fawar and Mazouna areas of Tunisia.

## DOMINION ENERGY PLC

### NOTES TO THE FINANCIAL STATEMENTS for the year to 30 June 2006 (continued)

#### 8 TANGIBLE ASSETS

	<i>Subsidiary Producing fields</i>	<i>Subsidiary Office equipment</i>	<i>Subsidiary Motor Vehicle</i>	<i>Company Office equipment</i>	<i>Group Total</i>
<i>Cost:</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 July 2005	4,542,822	-	-	3,091	4,545,913
Additions	-	10,814	39,950	959	51,723
Foreign exchange	-	-	-	-	-
Disposal	(4,542,822)	-	-	-	(4,542,822)
At 30 June 2006	<u>-</u>	<u>10,814</u>	<u>39,950</u>	<u>4,050</u>	<u>54,814</u>
<i>Depreciation and amortisation:</i>					
At 1 July 2005	4,118,393	-	-	618	4,119,011
Charge for the period	13,189	1,622	666	810	16,287
Foreign exchange	-	-	-	-	-
Disposal	(4,131,582)	-	-	-	(4,131,582)
At 30 June 2006	<u>0</u>	<u>1,622</u>	<u>666</u>	<u>1,428</u>	<u>3,716</u>
<i>Net book value:</i>					
At 30 June 2006	<u>-</u>	<u>9,192</u>	<u>39,284</u>	<u>2,622</u>	<u>51,098</u>
At 30 June 2005	<u>424,429</u>	<u>-</u>	<u>-</u>	<u>2,473</u>	<u>426,902</u>

#### 9 INVESTMENTS

##### a) *Group & Company*

Cost	
Additions	<u>50,000</u>
<b>At 30 June 2006</b>	<b><u>50,000</u></b>

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

##### b) *Company*

<i>Cost:</i>	
At 1 July 2005	170,988
Additions	3,183,053
Less: Disposal of subsidiary	<u>(170,988)</u>
At 30 June 2006	<u>3,183,053</u>

##### *Subsidiary undertakings:*

The Company disposed of 100 per cent of the ordinary share capital of Dominion Oil USA Corp. The US company was incorporated in Texas, whose principal activity is the development and production of oil and gas in the United States of America.

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

DOMINION ENERGY PLC

NOTES TO THE FINANCIAL STATEMENTS  
for the year to 30 June 2006 (continued)

10 DEBTORS

	Group		Company	
	30.06.06	30.06.05	30.06.06	30.06.05
	£	£	£	£
Amount due from parent undertaking	2	110,047	2	79,472
Amount due from subsidiary	0	0	254,870	0
Other debtors*	1,634,762	24,099	1,627,149	12,103
	<u>1,634,764</u>	<u>134,146</u>	<u>1,882,021</u>	<u>91,575</u>

\* Other debtors include

1 £225,000 due from sale of USA Subsidiary ( due by 31 March 2007 as per agreement)

2 £1,268,000 due from Sasadja, Iran. These amount was received in November 2006.

11 CREDITORS

	Group		Company	
	30.06.06	30.06.05	30.06.06	30.06.05
- amounts falling due within one year	£	£	£	£
Trade creditors	22,727	82,968	17,196	37,776
Amounts owed to subsidiary undertakings	0	0	0	51,290
Other taxes and social security	27,872	22,368	27,872	22,368
Other creditors	376,070	303,792	376,069	174,515
Accruals	21,173	19,219	10,773	15,000
	<u>447,842</u>	<u>428,347</u>	<u>431,910</u>	<u>300,949</u>

12 SHARE CAPITAL

	30.06.06		30.06.05	
	No.	£	No.	£
Ordinary shares of 1p each	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Issued and fully paid:				
Ordinary shares of 1p each	<u>216,453,958</u>	<u>2,164,540</u>	<u>81,606,500</u>	<u>816,065</u>
	<u>216,453,958</u>	<u>2,164,540</u>	<u>81,606,500</u>	<u>816,065</u>

## DOMINION ENERGY PLC

### NOTES TO THE FINANCIAL STATEMENTS for the year to 30 June 2006(continued)

#### 12 SHARE CAPITAL (continued)

The share options over ordinary shares held by the Directors and others are as follows:

<b>Name</b>	<b>Number of options at 1 July 2005 and at 30 June 2006</b>
M Alikhani	1,764,706
H Jelsma	1,764,706
R Stubbs	1,323,529
K Sodha	1,323,529
G Verspyck	441,176
Others	882,354
	<u>7,500,000</u>

The above options and warrants are all exercisable as follows:

<b>Percentage of options</b>	<b>Exercise date</b>	<b>Exercise price</b>
50%	6th July 2006	3p
50%	6th July 2007	5p

No options or warrants were exercised during the year.

**DOMINION ENERGY PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year to 30 June 2006 (continued)

**13 RESERVES**

<i>Group</i>	<b>Share premium £</b>	<b>Exchange reserve £</b>	<b>Profit and loss account £</b>
At 1 July 2005	134,104	(167,474)	(599,207)
Foreign currency translation differences	-	56,768	-
Adjustment re disposal of subsidiary	-	-	(115,095)
Retained loss for the year	-	-	(222,095)
Issue of shares	5,867,401	-	-
At 30 June 2006	<u>6,001,505</u>	<u>(110,706)</u>	<u>(936,397)</u>

  

<i>Company</i>	<b>Share premium £</b>	<b>Profit and loss account £</b>
At 1 July 2005	134,104	(935,712)
Issue of shares	5,867,401	-
Adjustment re disposal of subsidiary	-	66,290
Retained loss for the year	-	(81,544)
At 30 June 2006	<u>6,001,505</u>	<u>(950,966)</u>

**14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>30.06.06 £</b>	30.06.05 £
At 1 July 2005	<b>183,488</b>	369,068
Issue of shares	<b>7,215,876</b>	0
Adjustment re disposal of subsidiary	<b>(115,096)</b>	0
Total recognised gains and losses	<b>(165,327)</b>	(185,580)
At 30 June 2006	<u><b>7,118,942</b></u>	<u>183,488</u>

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

	<b>2006 £</b>	2005 £
Operating loss	<b>(222,095)</b>	(186,516)
Depreciation -ordinary	<b>16,287</b>	99,639
- goodwill amortisation	<b>(9,299)</b>	(34,000)
Decrease / (Increase) in debtors	<b>(1,500,618)</b>	9,304
Increase in creditors	<b>19,495</b>	146,122
Foreign currency translation differences	<b>101,613</b>	3,136
Net cash inflow/(outflow) from operating activities	<u><b>(1,594,616)</b></u>	<u>37,685</u>

**16 ANALYSIS OF CHANGE IN NET FUNDS**

	1 July 2005 £	Cash flow £	30 June 2006 £
Cash at bank	10,086	2,560,715	<b>2,570,801</b>
Net funds	<u>10,086</u>	<u>2,560,715</u>	<u><b>2,570,801</b></u>

## **DOMINION ENERGY PLC**

### **NOTES TO THE FINANCIAL STATEMENTS for the year to 30 June 2006 (continued)**

#### **17 FINANCIAL INSTRUMENTS**

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

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

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

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

##### ***Interest rate risk***

The group finances its operations through a mixture of equity capital, cash, bank overdraft and bank borrowings. The group has financed its acquisitions primarily through the issue of shares and share warrants. The group borrows in the desired currencies mainly at floating rates of interest, to manage the group's exposure to interest rate fluctuations.

##### ***Liquidity risk***

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank borrowings. In addition the group maintains undrawn committed borrowing facilities, after taking into account anticipated expenditure on acquisitions, in order to provide flexibility in the management of the group's liquidity. Short term flexibility is achieved by the use of bank overdrafts.

##### ***Foreign currency risk***

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

#### **18 RELATED PARTY TRANSACTIONS**

During the year Mr. Henk Jelsma, the director, was repaid US\$ nil (£nil) (2005: US\$nil (£nil)) from the subsidiary (Dominion Oil USA) against his loan.

#### **19 PARENT UNDERTAKING AND CONTROLLER**

Tecteon PLC, a company registered in the United Kingdom, was the Company's parent undertaking until 28 February 2006, when it became an associate. Tecteon PLC remained an associate until 12 May 2006.

As at 30th June 2006, Tecteon PLC did not have any shareholding in Dominion Energy PLC.

During the time that Dominion Energy PLC was a subsidiary, and an Associate of Tecteon PLC, no shareholder had overall control over Tecteon PLC.