

# Dominion Energy plc

Annual Report and Accounts  
30 June 2009



# DOMINION ENERGY PLC

HEAD OFFICE  
3rd Floor, 19/20 Grosvenor Street  
London  
W1K 4QH

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## DOMINION ENERGY PLC

### DIRECTORS AND ADVISERS

Directors	M Alikhani K Sodha G Verspyck M Ala	Executive Chairman Executive Director Non-Executive Director Non-Executive Director
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Secretary and Registered Office	A Carr 3rd Floor 19/20 Grosvenor Street London W1K 4QH
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Advisers	St Helens Capital Partners LLP 223A Kensington High Street London W8 6SG
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Auditors	Whitefield & Co 8 Wolsey Mansions Wolsey Road Moor Park Middlesex HA2 6HL
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Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
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Company number	03986182
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## DOMINION ENERGY PLC

### DIRECTORS' REPORT

The Directors present their report and financial statements of the Company for the year ended 30 June 2009.

#### PRINCIPAL ACTIVITY

The Company is engaged in the exploration of oil and natural gas in Tunisia, North Africa.

#### REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

##### *Tunisia: Fawar and Mezzouna exploration summary*

Following the interpretation of the reprocessed data on the current permits and the confirmation of the identified prospects and leads in the preliminary evaluation of the blocks, 195km of 2D seismic data was acquired on the Mezzouna permit and 236 km<sup>3</sup> of 3D & 102km of 2D seismic data acquired on the Fawar permit. The processing of the new seismic (2D and 3D) has been completed and the evaluation of the hydrocarbon potential is underway. The objective is to identify the best prospects to be drilled and the best reservoir quality distribution predicted in the LMG-1 discovery well area (3D) in the Fawar permit and the Mezzouna permit.

The processing of the new 2D and 3D seismic data was completed at the end of June 2009 for the Fawar permit and at the end of September 2009 for the Mezzouna permit. The results of the current evaluation are encouraging. The new 2D/3D seismic data in the Fawar permit showed, in addition to the tested Jurassic reservoir in LMG-1 well, a deep promising Paleozoic target which could be hydrocarbon bearing (The El Franig gas & condensate and Sabria oil fields are located just to the south west of the Fawar permit border).

This new deeper play of Paleozoic age (Silurian & Ordovician) has been mapped showing potential total in-place reserves of 432 million bbl of oil, 136 million bbls of condensate and 38 bcf of gas in the Fawar permit.

Five prospects were mapped in the eastern part of the Mezzouna permit, along trend of the Chaal -1 and ABK-1 gas discoveries in the neighbouring Candax permit, with total potential in-place reserves of 635million bbls of oil. Both permits are being worked simultaneously to optimize the duration of the initial exploration programme. This is in keeping with the Company's philosophy of maximizing the chances of discovery and improving the recovery of the hydrocarbons already discovered in the LMG-1 well in the Fawar permit while keeping costs as low as possible.

The geological evaluation and geological models for both permits have been integrated with the reprocessed seismic data.

In the present market conditions we expect the first well in the Fawar permit to be spudded in the second half of 2010, with the second well in Mezzouna drilled back to back.

The programme for 2010 will include continuation of interpretation of the new 2D and 3D seismic data, integrating the seismic interpretation and geological evaluation results, reservoir evaluation and source rock modelling, which will create the basis for refining prospect definition and most favourable well locations in both blocks.

Additional state-of-the-art reservoir characterisation and modelling, especially utilizing the 3D seismic data, will also be conducted for better assessing the initial prospects and economic risk reduction.

##### *Iran*

Certain returnable deposits amounting to £1.38million (2008: £1.99million) have been allocated to maintain participation in an Iranian project that we have under consideration. Our assessments during the period with potential strategic partners were positive and we have

## DOMINION ENERGY PLC

### DIRECTORS' REPORT (CONTINUED)

entered into the pre-qualification phase on a project for which our share of the expenditure was £1.3 million (2008: £0.9 million).

In order to provide working capital, complete further work on the Tunisian permits and continue to pursue the opportunities in Iran, the Company will be required to raise additional funding. It has created several substantial opportunities and is in negotiations with potential strategic partners to fund the ongoing programme. At the present level of oil price of around US\$80 per barrel, there is strong interest from a number of parties.

#### Financial results

The Group results for the year show the loss of £209,067, in line with expectations, compared with a loss of £428,676 for the previous year. The results include salaries of oil and gas executives, overseas staff, costs of consultants and administrative expenses of overseas and UK offices. Administrative expenses include £31,000 (2008:£31,000) for undrawn remuneration payable to the Company's directors.

#### RESULTS AND DIVIDENDS

The results for the year are set out in the group income statement on page 9.

Key performance indicators for the Group are as follows:-

	Year ended 30 June 2009	Year ended 30 June 2008
	£	£
Intangible assets	3,260,121	3,260,121
Tangible assets	6,169,876	4,802,606
Cash and cash equivalents	2,709	29,904
Creditors	(4,769,756)	(3,820,516)
Loss for the year	(209,067)	(428,676)
Loss per share	0.095p	0.195p

The Directors do not recommend the payment of a dividend on the ordinary shares (2008: nil).

#### DIRECTORS AND THEIR INTERESTS

The Directors in office during the year were as follows:

M Alikhani (Executive Chairman)  
K Sodha (Executive Director)  
G Verspyck (Non-executive Director)  
M Ala (Non-executive Director)

In accordance with the Articles of Association, Mr Sodha 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 of the Directors holding office at 30 June 2009 in the share capital of the Company are shown below:

	No of ordinary at shares 30 June 2009	No of ordinary shares at 30 June 2008
M Alikhani	573,000	573,000
K Sodha	1,166,666	1,166,666

Details of the Directors' share options are provided in Note 13.

## DOMINION ENERGY PLC

### TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

Details of transactions with Directors are set out in Note 7 to the accounts. There were no related party transactions.

### ISSUE OF SHARES

No shares were issued during the year. A number of share warrants for key directors, employees and consultants have been approved for which no contracts have been issued.

### SUBSTANTIAL SHAREHOLDINGS

On 18 November 2009 the Company was aware of the following interests in 3 per cent. or more of the Company's ordinary share capital.

Shareholder	No. of ordinary shares	% holding
Lynchwood Nominees Limited	50,745,397	22.61
The Bank of New York (Nominees) Ltd	20,251,625	9.02
Central African Mining & Exploration	12,000,000	5.35
Vidacos Nominees Ltd	10,271,400	4.58
W.B.Nominees Ltd	9,431,168	4.20

### ANNUAL GENERAL MEETING

Resolutions will be proposed at the Annual General Meeting as set out in the formal notice on pages 20 to 21. The following explanatory notes relate to Resolutions numbered 4 to 6 which will constitute special business.

- (1) Resolution 4 – The Directors currently have a general authority to allot unissued shares of the Company, but this expires on the conclusion of the Annual General Meeting. Resolution 4 is proposed as an Ordinary resolution to provide the Directors with authority to issue ordinary shares (see the detailed resolution and notes on pages 20 and 21 of this document).
- (2) Resolution 5 – is to authorise the Directors to allot relevant securities up to a nominal value of £2.25m. This will provide the Directors with the authority to issue ordinary shares of 1 pence each for cash when the Board considers it to be in the best interest of shareholders (see the detailed resolution on page 20 of this document).
- (3) Resolution 6 – adoption of New Articles of Association (see notes on pages 23 to 25). The New Articles showing all the changes to the Current Articles are available for inspection at the registered office, 3rd floor, 19-20 Grosvenor Street, London W1K 4QH.

### SUPPLIER PAYMENT POLICY

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 30 June 2009 were equivalent to 680 days' purchases, based on the average daily amount invoiced by suppliers during the year.

### ENVIRONMENTAL MATTERS

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

### EVENTS AFTER THE BALANCE SHEET DATE

The relevant information can be found in Note 19.

## **DOMINION ENERGY PLC**

### **DIRECTORS' REPORT (CONTINUED)**

#### **DISCLOSURE OF INFORMATION TO THE AUDITORS**

In accordance with the provisions of Section 418 of the Companies Act 2006, the Directors who held office at the date of approval of this Director's report confirm that, so far as they are each aware, there is no relevant audit information, being information needed by the auditors in connection with preparing this report, of which the auditors are unaware. Having made enquiries of fellow Directors and the Company's auditors, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

#### **AUDITORS**

Whitefield & Co have expressed their willingness to continue in office as auditors. A resolution proposing the appointment of Whitefield & Co will be put to the shareholders at the Annual General Meeting.

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

M Alikhani  
*Chairman*

3rd Floor, 19/20 Grosvenor Street  
London  
W1K 4QH

26 November 2009

## **DOMINION ENERGY PLC**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the consolidated statements in accordance with applicable law as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006 and with United Kingdom Generally Accepted Accounting Practice (United Kingdom Reporting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company Financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that Company and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## DOMINION ENERGY PLC

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOMINION ENERGY PLC

### FOR THE YEAR ENDED 30 JUNE 2009

We have audited the financial statements on pages 9 to 19 which have been prepared under the historical cost convention in accordance with the accounting policies as set out in pages 13 and 14.

This report is made solely to the Company's members, as body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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 7.

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 2006. 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 judgments 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.

#### **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 at 30 June 2009 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 2006; and
- \* the information given in the Directors' Report is consistent with the financial statements for the year ended 30 June 2009.

#### **Emphasis of Matter – Going Concern**

Without qualifying our opinion, we draw attention to the disclosures made in note 2 of the financial statements concerning the Company's ability to continue as a going concern which would depend upon obtaining additional financing to meet the ongoing costs. This indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern as it is not practicable to determine or quantify them.

For these reasons the Directors continue to adopt the going concern basis in preparing the financial statements.

Dilip Patel  
Statutory Auditor  
for and on behalf of  
Whitefield & Co  
8 Wolsey Mansions, Wolsey Road, Moor Park  
Middlesex HA2 6HL

26 November 2009

**DOMINION ENERGY PLC**

**GROUP INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	<b>30.06.09</b>	30.06.08
		<b>£</b>	£
Administrative expenses		<b>(209,292)</b>	(428,719)
<b>OPERATING LOSS</b>	4	<b>(209,292)</b>	(428,719)
Interest receivable and similar income		<b>225</b>	43
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(209,067)</b>	(428,676)
Tax on loss on ordinary activities	5	-	-
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	14	<b>(209,067)</b>	(428,676)
<b>LOSS PER SHARE</b>	6	<b>(0.095)p</b>	(0.195)p

The above results all relate to continuing operations.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	Note	<b>30.06.09</b>	30.06.08
		<b>£</b>	£
Loss for the financial year		<b>(209,067)</b>	(428,676)
Exchange differences on translation into sterling of net assets of subsidiary undertaking		-	-
<b>Total gains and losses recognised in the financial year</b>	15	<b>(209,067)</b>	(428,676)

**DOMINION ENERGY PLC**

**GROUP BALANCE SHEET**  
**AS AT 30 JUNE 2009**

		<b>30.06.09</b>	30.06.08
	Notes	<b>£</b>	£
<b>FIXED ASSETS</b>			
Intangible assets	8	<b>3,260,121</b>	3,260,121
Tangible assets	9	<b>6,169,876</b>	4,802,606
Investment	10	<b>16,250</b>	5,000
		<u><b>9,446,247</b></u>	<u>8,067,727</u>
<b>CURRENT ASSETS</b>			
Debtors	11	<b>1,426,753</b>	2,037,905
Cash and cash equivalents		<b>2,709</b>	29,904
		<u><b>1,429,462</b></u>	<u>2,067,809</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	<b>(4,769,756)</b>	(3,820,516)
<b>NET CURRENT LIABILITIES</b>		<u><b>(3,340,294)</b></u>	<u>(1,752,707)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>6,105,953</b></u>	<u>6,315,020</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	<b>2,194,540</b>	2,194,540
Share premium account	14	<b>6,121,505</b>	6,121,505
Profit and loss account	14	<b>(2,210,092)</b>	(2,001,025)
<b>SHAREHOLDERS' FUNDS</b>		<u><b>6,105,953</b></u>	<u>6,315,020</u>

These financial statements were approved by the Board of Directors on 26 November 2009 and signed on behalf of the Board of Directors.

M Alikhani

**DOMINION ENERGY PLC**

**COMPANY BALANCE SHEET**  
**AS AT 30 JUNE 2009**

	Notes	30.06.09 £	30.06.08 £
<b>FIXED ASSETS</b>			
Tangible assets	9	<b>1,301,435</b>	889,707
Investment in subsidiary undertakings	10	<b>3,183,053</b>	3,183,053
Investment	10	<b>16,250</b>	5,000
		<u><b>4,500,738</b></u>	<u>4,077,760</u>
<b>CURRENT ASSETS</b>			
Debtors	11	<b>2,981,207</b>	3,250,535
Cash at bank and in hand		<b>253</b>	560
		<u><b>2,981,460</b></u>	<u>3,251,095</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u><b>(936,208)</b></u>	<u>(623,686)</u>
<b>NET CURRENT ASSETS</b>		<u><b>2,045,252</b></u>	<u>2,627,409</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>6,545,990</b></u>	<u>6,705,169</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	<b>2,194,540</b>	2,194,540
Share premium account	14	<b>6,121,505</b>	6,121,505
Profit and loss account	14	<u><b>(1,770,055)</b></u>	<u>(1,610,876)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><b>6,545,990</b></u>	<u>6,705,169</u>

These financial statements were approved by the Board of Directors on 26 November 2009 and signed on behalf of the Board of Directors.

M Alikhani

**DOMINION ENERGY PLC**

**GROUP CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	<b>30.06.09</b>	30.06.08
		<b>£</b>	£
Net cash inflow from operating activities	16	<b>550,079</b>	4,377,679
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		<b>225</b>	43
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<b>225</b>	43
<b>NET CASH OUTFLOW FOR EXPENDITURE AND FINANCIAL INVESTMENTS</b>			
Purchase of tangible fixed assets		<b>(577,499)</b>	(4,387,227)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(27,195)</b>	(9,505)
<b>(DECREASE)/INCREASE IN CASH</b>	17	<b>(27,195)</b>	(9,505)
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (note 16)</b>			
<b>(DECREASE)/INCREASE IN CASH</b>		<b>£ (27,195)</b>	£ (9,505)
Movement in net funds during the year			
Net funds at 1 July 2008		<b>29,904</b>	39,409
<b>NET FUNDS AT 30 JUNE 2009</b>		<b>2,709</b>	29,904

## DOMINION ENERGY PLC

### NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR TO 30 JUNE 2009

#### 1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted by the Group and Company are summarised below:

##### **Basis of Preparation**

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 408 of the Companies Act 2006.

##### **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.

##### **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.

## DOMINION ENERGY PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### 1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

Additional depreciation charges are provided for field assets where the Directors consider that there has been an indicator of impairment.

Depreciation of other fixed assets is determined under the straight line method using various rates up to 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.

#### 2. GOING CONCERN

In order to provide working capital, complete further work on the Tunisian permits and continue to pursue the opportunities in Iran, the Group needs finance. The Directors have created substantial opportunities and are in the process of negotiations to bring together strategic partners to move forward. The Directors feel comfortable that with the involvement of strategic partners and with an appropriate business plan, there is a reasonable chance that they can raise the additional funds necessary to meet needs of the next twelve months to 30th November 2010

For these reasons the Directors continue to adopt the going concern basis in preparing the financial statements.

#### 3. 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. There was no turnover for the year ended 30 June 2009 and the year ended 30 June 2008.

	Profit (Loss) analysis		Asset (liability) analysis	
	30.06.09	30.06.08	30.06.09	30.06.08
	£	£	£	£
UK head office	<b>(159,403)</b>	(270,134)	<b>3,573,239</b>	3,531,801
Tunisian activities	-	(119,427)	-	(90,083)
Bermudan activities	<b>(49,889)</b>	(39,158)	<b>(154,439)</b>	(39,158)
Iran activities	-	-	<b>2,684,444</b>	2,882,556
	<b>(209,292)</b>	(428,719)	<b>6,103,244</b>	6,285,116
UK net interest income	<b>225</b>	43		
Loss on ordinary activities before taxation	<b>(209,067)</b>	(428,676)		
Total operating assets			<b>6,103,244</b>	6,285,116
Cash			<b>2,709</b>	29,904
Total net assets			<b>6,105,953</b>	6,315,020

## DOMINION ENERGY PLC

### 4. OPERATING LOSS

	<b>30.06.09</b>	30.06.08
	<b>£</b>	£
Operating loss is stated after charging:		
Depreciation	<b>29,005</b>	23,030
Auditors' remuneration - audit services	<b>10,000</b>	10,000

### 5. TAXATION

No liability to U.K. Corporation Tax or Tunisian Tax arises based on the results for the year. The Company is carrying estimated tax losses in UK of £1.6m (2008: £1.5m).

### 6. LOSS PER ORDINARY SHARE

The loss per share of 0.095 pence (2008: loss 0.195 pence) has been calculated on the loss of £209,067 (2008: loss £428,676) and on 219,453,958 (2008: 219,453,958) ordinary shares, being the weighted average number of ordinary shares issued during the year ended 30 June 2009.

### 7. DIRECTORS AND STAFF

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

	<b>30.06.09</b>	30.06.08
	<b>£</b>	£
Highest paid director	<b>15,000</b>	15,000
Staff costs including directors		
Wages and salaries	<b>31,000</b>	31,000
Social security costs	<b>3,875</b>	3,875
	<b>34,875</b>	34,875

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

	<b>30.06.09</b>	30.06.08
	<b>£</b>	£
Management	<b>4</b>	4

### 8. INTANGIBLE ASSETS - GOODWILL

<i>Group</i>	<b>30.06.09</b>	30.06.08
Cost:	<b>£</b>	£
At 1 July 2008 and 30 June 2009	<b>3,260,121</b>	3,260,121

In early 2006, the Company acquired the minority interest of First Africa Petroleum Consortium Ltd, a company registered in Bermuda resulting in the above goodwill. The company owns the concession of oil and gas rights in Fawar and Mezzouna areas of Tunisia.

Exploration work is ongoing in Tunisia, and hence goodwill has not been amortised.

## DOMINION ENERGY PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### 9. TANGIBLE ASSETS

	Subsidiary Exploration Costs	Subsidiary Office equipment & software	Subsidiary Motor Vehicles	Company Iran Costs	Company Office equipment	Group Total
Cost:	£	£	£	£	£	£
At 1 July 2008	3,840,267	55,123	64,723	888,705	4,050	4,852,868
Additions	164,961	–	–	412,538	–	577,499
Exchange Difference	808,523	11,493	5,115	–	–	825,131
<b>At 30 June 2009</b>	<b>4,813,751</b>	<b>66,616</b>	<b>69,838</b>	<b>1,301,243</b>	<b>4,050</b>	<b>6,255,498</b>
<i>Depreciation and amortisation:</i>						
At 1 July 2008	–	21,632	25,582	–	3,048	50,262
Charge for the period	–	14,260	13,935	–	810	29,005
Exchange Difference	–	5,861	494	–	–	6,355
<b>At 30 June 2009</b>	<b>–</b>	<b>41,753</b>	<b>40,011</b>	<b>–</b>	<b>3,858</b>	<b>85,622</b>
Net book value:						
<b>At 30 June 2009</b>	<b>4,813,751</b>	<b>24,863</b>	<b>29,827</b>	<b>1,301,243</b>	<b>192</b>	<b>6,169,876</b>
At 30 June 2008	3,840,267	33,491	39,141	888,705	1,002	4,802,606

As exploration costs are ongoing, no depreciation has been provided.

#### 10. INVESTMENTS

##### *Group & Company*

Cost:	£
At 1 July 2008	5,000
Revaluation	11,250
As at 30 June 2009	<u>16,250</u>

The investment comprises the market value of the Company's investment in shares of 1p each in Cape Diamonds Plc.

##### **Company**

Cost:	Tunisia
	£
At 1 July 2008	3,183,053
Additions	–
As at 30 June 2009	<u>3,183,053</u>

##### *Subsidiary undertakings:*

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 Mezzouna areas of Tunisia.

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### 11. DEBTORS

	Group		Company	
	30.06.09	30.06.08	30.06.09	30.06.08
	£	£	£	£
Amount due from subsidiary	–	–	1,561,949	1,216,097
Other debtors*	1,419,258	2,034,437	1,419,258	2,034,438
Prepayments	7,495	3,468	–	–
	<u>1,426,753</u>	<u>2,037,905</u>	<u>2,981,207</u>	<u>3,250,535</u>

\* Other debtors includes: £1,383,201 (2008: £1,993,851) due from OEID Company, Iran.

### 12. CREDITORS

- amounts falling due within one year

	Group		Company	
	30.06.09	30.06.08	30.06.09	30.06.08
	£	£	£	£
Trade creditors	3,929,390	3,266,492	120,457	85,722
Other taxes and social security	41,442	52,483	40,300	36,425
Other creditors	758,151	470,768	734,678	470,766
Accruals	40,773	30,773	40,773	30,773
	<u>4,769,756</u>	<u>3,820,516</u>	<u>936,208</u>	<u>623,686</u>

Trade creditors include £3.3m (US\$5.6m) (2008: £2.8m (US\$5.6m)) payable to CGG Veritas, a French Company assisting Dominion Tunisia.

### 13. SHARE CAPITAL

	30.06.09	30.06.09	30.06.08	30.06.08
	No.	£	No.	£
Ordinary shares of 1p each	500,000,000	5,000,000	500,000,000	5,000,000
	<u>500,000,000</u>	<u>5,000,000</u>	<u>500,000,000</u>	<u>5,000,000</u>
Issued and fully paid:				
Ordinary shares of 1p each	219,453,958	2,194,540	219,453,958	2,194,540
	<u>219,453,958</u>	<u>2,194,540</u>	<u>219,453,958</u>	<u>2,194,540</u>

#### Share options

The Company has a share option scheme for the directors and staff. The expense recognised during the year for share-based payments in respect of share options is £Nil (2008: Nil).

Equity settled share option scheme

	30 June 2009 or date of resignation	Exercise price
M Alikhani	3p	6,000,000
M Ala	3p	2,000,000
K Sodha	3p	4,000,000
G Verspyck	3p	441,176
Other staff and consultants	3p	11,441,176
Total		<u>23,882,352</u>

Exercisable at any time before 7 May 2014.

## DOMINION ENERGY PLC

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### 14. RESERVES

<i>Group</i>	Share premium £	Profit and loss account £
At 1 July 2008	6,121,505	(2,001,025)
Retained loss for the year	—	(209,067)
<b>At 30 June 2009</b>	<b><u>6,121,505</u></b>	<b><u>(2,210,092)</u></b>

<i>Company</i>	Share premium £	Profit and loss account £
At 1 July 2008	6,121,505	(1,610,876)
Retained loss for the year	—	(159,179)
<b>At 30 June 2009</b>	<b><u>6,121,505</u></b>	<b><u>(1,770,055)</u></b>

#### 15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.06.09 £	30.06.08 £
At 1 July 2008	6,315,020	6,743,696
Total recognised gains and losses	(209,067)	(428,676)
<b>At 30 June 2009</b>	<b><u>6,105,953</u></b>	<b><u>6,315,020</u></b>

#### 16. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating loss	(209,067)	(428,719)
Depreciation	29,005	23,030
Investment revaluation	(11,250)	45,000
Decrease in debtors	611,152	1,328,635
Increase in creditors	130,465	3,411,938
Foreign currency translation differences	(226)	(2,205)
Net cash outflow from operating activities	<b><u>550,079</u></b>	<b><u>4,377,679</u></b>

#### 17. ANALYSIS OF CHANGE IN NET FUNDS

	1 July 2008 £	Cash flow £	30 June 2009 £
Cash at bank	29,904	(27,195)	<b><u>2,709</u></b>
Net funds	<b><u>29,904</u></b>	<b><u>(27,195)</u></b>	<b><u>2,709</u></b>

## DOMINION ENERGY PLC

### 18. 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 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 and liquidity risks

The Group finances its operations through a mixture of equity capital and cash. The Group has financed its acquisitions primarily through the issue of shares and share warrants.

#### Foreign currency risk

Although the Group is based in the UK its currency of operation is in US Dollars and, it has significant investment in Tunisia. As a result, the Group's sterling balance sheet can be affected by movements in the Tunisian Dinars exchange rate, and also US Dollar exchange rate.

### 19. POST BALANCE SHEET EVENTS

On 24 August 2009 the Company raised £500,000, before expenses, via a private placement of 16,666,666 new Ordinary shares of 1 pence per share at 3 pence per share. Included in the above placement, the following directors have also purchased shares:

Masoud Alikhani has purchased a further 1,666,666 Ordinary shares bringing his holding to 3,072,999 Ordinary shares representing 1.30 per cent. of the Company's share capital.

Kishor Sodha has purchased a further 416,667 Ordinary shares bringing his holding to 1,583,333 Ordinary shares representing 0.67 per cent. of the Company's share capital.

Mr Gilsbrecht Verspyck has purchased 416,667 Ordinary shares representing 0.18 per cent. of the Company's share capital.

Michael Ala has purchased 416,667 Ordinary shares representing 0.18 per cent. of the Company's share capital.

Following this placing of the above ordinary shares, the share capital of the Company will be 236,120,625 Ordinary shares of 1 pence each.

## DOMINION ENERGY PLC

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 3:00 pm on Friday 18th December 2009 at 19-20 Grosvenor Street, London W1K 4QH for the purpose of considering and if thought fit, passing the following resolutions, of which Resolutions 1 to 4 will be proposed as Ordinary Resolutions and Resolutions 5 and 6 will be proposed as Special Resolutions.

1. To receive the Company's annual accounts for the financial year ended 30 June 2009 together with the directors' report and auditors' report on those accounts.
2. To re-appoint Whitefield & Co as Auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the Directors to agree their remuneration.
3. To re-elect K Sodha as a Director of the Company.

### Special Business

To consider and, if thought fit, pass Resolution 4, which will be proposed as an Ordinary Resolution, and Resolutions 5 and 6 which will be proposed as Special Resolutions:

4. That, in accordance with section 551 of the Companies Act 2006 (the "2006 Act") the Directors of the Company be and are generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this resolution):
  - 4.1 comprising equity securities (as defined by section 560 of the 2006 Act) up to an aggregate nominal value of £2.25m in connection with an offer by way of a rights issue:
    - (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
    - (b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusion or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
  - 4.2 in any other case, up to an aggregate nominal value of £2.25m, provided that these authorities, unless duly renewed, varied or revoked by the Company, expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted after such expiry and, the Directors may allot Relevant Securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot relevant securities under section 80 of the Companies Act 1985 but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.
5. That, subject to the passing of Resolution 4, the Directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by Resolution 5 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
  - 5.1 the allotment of equity securities in connection with an offer by way of a rights issue:

## DOMINION ENERGY PLC

- (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
  - (b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusion or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, records dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- 5.2 the allotment (otherwise than pursuant to paragraph 5.1 above) of equity securities up to an aggregate nominal amount of £2.25m representing approximately 95 per cent. of the Company's current issued share capital.

The power granted by this resolution will expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on such date), save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and, the Directors may allot equity securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 89(1) of the Companies Act 1985 did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

6. That:

- 6.1 the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of Section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
- 6.2 the Articles of Association produced to the meeting and initialled by the chairperson of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

Registered office  
19/20 Grosvenor Street  
London  
W1K 4QH

By order of the Board

M A Alikhani

26 November 2009

### Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
  - 6 p.m. on 16 December 2009; or,
  - if this Meeting is adjourned, at 6 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

# DOMINION ENERGY PLC

## Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please refer to the notes on the proxy form.

## Appointment of proxy using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- received by Capita Registrars no later than 3:00 pm on 16 December 2009.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

## Appointment of proxy by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

## Changing proxy instructions

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

## Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company using the following method:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

- In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- In either case, the revocation notice must be received by Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 3:00 pm on 16 December 2009.
- If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
- Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

# DOMINION ENERGY PLC

## Issued shares and total voting rights

9. As at 12 noon on 25 November 2009, the Company's issued share capital comprised 224,453,958 ordinary shares of 1 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on 25 November 2009 is 224,453,958.

## Documents on display

10. The following documents will be available for inspection at the registered office of the Company on any weekday (excluding public holidays) during normal office hours from the date of this Notice until the time of the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting.
  - A copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed.

## EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

The notes on the following pages give an explanation of resolution 6. Resolution 6 is proposed as a special resolution. This means that for the resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### Resolution 6: Adoption of new articles of association

It is proposed in resolution 6 to adopt new articles of association (the "New Articles") in order to update the Company's current articles of association (the "Current Articles") primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the "Shareholders' Rights Regulations") and the implementation of the last parts of the Companies Act 2006.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 or the Shareholders' Rights Regulations have not been noted below. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 5 of this document.

### Principal Changes to the Company's Articles of Association

- The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have an objects clause. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 6 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

- Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006.

- Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective. This provision is being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

- Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been amended in the New Articles.

## DOMINION ENERGY PLC

- Convening general meetings and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular a general meeting to consider special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

- Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or, in the case of a poll taken more than 48 hours after a meeting, more than 24 hours before the time for taking of a poll, with weekends and bank holidays being excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed. The New Articles reflect these new provisions.

- Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within a period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

- Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company can now indemnify a director against liability incurred in connection with the activities of a company which acts as a trustee of an occupational pension scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The New Articles reflect these wider provisions in the Companies Act 2006.

- Joint holders

In order to make the flow of information more efficient between the Company and its shareholders who hold shares jointly, the New Articles are being amended so that where there are joint shareholders, anything agreed or specified with the Company by any one joint shareholder will have been deemed to have been agreed or specified with the Company by all the joint shareholders.

- Conflicts of interest

It is also proposed to include in the New Articles provisions covering changes introduced by the Companies Act 2006 on 1 October 2008 relating to directors' conflicts of interest.

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position. There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

- Authorised share capital and unissued shares

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

- Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the

## DOMINION ENERGY PLC

terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

- Provision for employees on cessation of business

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

- Use of seals

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

- Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

- Vacation of office by directors

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

- Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes.

- Voting by corporate representatives

The Shareholders' Rights Regulations have amended the Companies Act 2006 in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles remove provisions in the Current Articles dealing with voting by corporate representatives on the basis that they are dealt with in the Companies Act 2006.









