

# **SOUND OIL**

**Sound Oil plc**  
**Annual Report and Accounts**  
**2005**

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## CHAIRMAN'S STATEMENT

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Sound Oil plc was admitted to AIM on 29 June 2005 with a remit to invest in energy resource opportunities in North and West Africa and raised £10.8 million from a share placing.

The company has concentrated on opportunities which either gave significant upside in the event of an early discovery or gave an early revenue return, preferably both. Initially the company focused its efforts on offshore areas of West Africa and has evaluated over thirty opportunities in Liberia, Morocco, Equatorial Guinea, Nigeria, Ivory Coast, Angola, Sierra Leone, Gambia, Gabon and Senegal.

In its first accounting period to 31 December 2005, the company made a net loss of £193,000. Expenditure incurred on pursuing investment opportunities and on administration was £361,000, partly offset by £168,000 of income from bank deposit interest net of tax. Total shareholders' funds at the year end were £10.7million.

Our initial cash reserves are virtually intact and we have a strong balance sheet. Our overheads are low and we outsource, where appropriate, to expert associates. We are determined to find value for shareholders and not to tie up funds in areas with little hope of early action. Towards the end of 2005 we extended our area of evaluation outside Africa to check whether there was better value elsewhere, while also continuing to review opportunities in that region.

On 20 March 2006 we announced that we had reached agreement in principle for the acquisition of energy resource assets in Asia. We are making progress with this transaction which would result in the company acquiring interests in an undeveloped gas field and exploration activity in Indonesia. The transaction would represent a reverse takeover under the AIM Rules and would be conditional on the approval of the company's shareholders.

**Gerry Orbell**  
*Chairman*

29 March 2006

## BOARD OF DIRECTORS

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### **Gerald Orbell, Chairman and Chief Executive (age 58)**

Gerald Orbell is a petroleum geologist with over 30 years of technical, managerial and director level experience in the hydrocarbon and utilities sectors. Gerald has previously held the position of executive director of Fina Exploration, Fina Development, Premier Oil plc and United Utilities plc. Gerald is currently the chairman of Antrim Energy Inc. where he oversees the company's business in the UK. He is also a member of the board, and chairman of the audit committee, at the compliance company Valpak Limited.

### **Tony Heath, Finance Director (age 68)**

Tony Heath has over thirty years financial and general management experience in a variety of roles including finance manager of Burmah Oil's North Sea exploration activity, Finance Director of Halfords retailing Group and Controller of the Burmah-Castrol Group. Tony was Finance Director of Premier Oil plc the international oil and gas exploration and production group from 1990 to 1997.

### **Simon Davies, Non-executive Director (age 46)**

Simon Davies is chief executive of Threadneedle Asset Management, which manages over £62 billion in equities, bonds, property and hedge funds for individual and corporate investors. Simon is also a director of the Investment Management Association and JP Morgan Fleming Overseas Investment Trust and is also on the investment committee of Westminster Abbey.

### **Micheal Nobbs, Non-executive Director (age 56)**

Michael Nobbs has a thirty year track record in investment banking, with a focus on corporate and project finance. He was a managing director and senior credit officer for Citigroup/Citibank and at present is the group finance director for Tishman International Companies, a major global real estate development and investment business.

## CORPORATE GOVERNANCE REPORT

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In accordance with the Combined Code for corporate governance no director has an employment contract of more than one year.

The Board is responsible for overall strategy, acquisition policy, major capital expenditure projects, corporate overhead costs and significant financing matters. No one individual has unfettered powers of decision. There are two experienced executive directors and two independent non executive directors. In the six months since flotation, the Board has held four full Board meetings attended by all directors.

The Board has established an Audit Committee comprising the two non executive directors. The Audit Committee receives and reviews reports from management and external auditors relating to the published accounts and the system of internal financial control. The Board considered it important that its external auditors are fully experienced in oil and gas exploration and production accounting and tax matters and therefore appointed Ernst & Young LLP.

The Board has established levels of authorisation of financial commitments and cheque signing procedures appropriate to the size of the business. The Board receives monthly reports on income and expenditure and on the company's financial position.

The directors acknowledge that they are responsible for the company's system of internal control and for reviewing its effectiveness. Given that the company is still a cash shell with no significant offshore investments, the directors do not believe the company is sufficiently complex to warrant the use of an internal audit function. The Directors will review this policy as and when the company's circumstances differ.

The Board has also established a Remuneration Committee as described in the Report on Directors' Remuneration.

In the light of the company's cash balances, the directors have reasonable expectation that the company has adequate resources to continue operations in the foreseeable future. The going concern basis has therefore been adopted for the accounts.

## REPORT OF THE DIRECTORS

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The directors submit their report and the audited accounts for the period from 27 January to 31 December 2005. The company was incorporated on 27 January 2005 and the accounts therefore present the results for the 11 months.

### **Results and dividends**

The company's net loss for the period amounted to £193,000. A dividend is not proposed.

### **Activities**

The principal activities of the company are oil and gas exploration, development and production. A review of activities and prospects for the future is included in the Chairman's Statement.

### **Likely future developments**

The company believes that there exists the potential for the company to generate a high value portfolio of energy resource assets and will actively seek investments that will maximise shareholder returns.

### **Share capital**

The company's authorised share capital consists of £3,000,000 divided into 3,000,000,000 Ordinary Shares of 0.1 pence each.

At the end of the year 89.99 per cent of the authorised Ordinary Share capital of the company remained unissued.

By a resolution passed on 22 March 2005 authority was given to the directors to allot shares for a period of two years. An undertaking was given to the company's Nominated Advisor to limit this entitlement to 600,000,000 Ordinary Shares. The number of shares remaining under this authority, which are authorised but unissued and not reserved for options, as at 20 March 2006 is 299,227,691 (£299,227.61 in nominal value).

By a resolution passed on 22 March 2005 authority was also given to the directors, for two years, to issue the unissued shares for cash up to an aggregate nominal amount of £3,000,000 as if statutory pre-emption rights did not apply. An undertaking was given to the company's Nominated Advisor to limit this entitlement to 600,000,000 Ordinary Shares. The full amount of this authority remains outstanding.

## REPORT OF THE DIRECTORS (continued)

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### Directors

Directors of Sound holding office during the financial period were:

Simon Davies	Appointed 26.4.05	
Tony Heath	Appointed 17.5.05	
Michael Nobbs	Appointed 21.4.05	
Gerry Orbell	Appointed 4.4.05	
Alwyn Davey	Appointed 17.2.05	Resigned 18.5.05
Gower Nominees Limited	Appointed 27.1.05	Resigned 17.2.05
Gower Secretaries Limited	Appointed 27.1.05	Resigned 18.5.05

### Directors' interests

Beneficial interests of directors holding office at the year-end, and of their families, in Ordinary Shares of the company are set out below:

Name	27 January 2005*	31 December 2005	20 March 2006
Simon Davies	–	1,500,000	1,500,000
Tony Heath	–	500,000	500,000
Michael Nobbs	–	1,945,545	1,945,545
Gerry Orbell	–	3,454,545	3,454,545

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\*or date of appointment if later

Details of the remuneration of all directors who served during the period are shown in the Report on Directors' Remuneration on page 8.

### Financial risk management objectives and policies

The company's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to finance the company's operations. In addition the company has various financial liabilities in the form of short term, non interest bearing sundry payables. The main risks arising from the company's financial instruments include cash flow interest rate risk and liquidity risk. The board reviews and agrees policies for managing these risks. The company's exposure to the risk from changes in market interest rates relates primarily to the company's cash and term deposits subject to floating interest rates. Current policy is to retain these assets primarily in higher interest earning cash management facilities with the Bank of Scotland. The company's objective regarding liquidity risk is to maintain a balance between continuity of funding through the use of sustainable debt and equity financing. The company's exposure to foreign currency risk, commodity price risk and credit risk is considered minimal at this stage of the company's development.

## **REPORT OF THE DIRECTORS**

### **(continued)**

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#### **Director election/rotation**

Mr Michael Nobbs is the director retiring by rotation and, being eligible, will offer himself for re-election at the Annual General Meeting.

#### **Payment policy**

The company's policy in respect of its suppliers is to establish terms of payment when agreeing the terms of business transactions and to abide by the terms of payment.

#### **Subsidiary Company**

A wholly owned subsidiary company, Sound Oil International Limited, a company registered in the British Virgin Islands, was incorporated on 12 December 2005. The cost of the company's investment was US\$1. As this subsidiary company had no other assets or liabilities, it has not been consolidated.

#### **Charitable contributions**

During the period the company made no charitable contributions.

#### **Auditors**

Chapman Davis LLP resigned during the year and were replaced by Ernst & Young LLP. A resolution to re-appoint Ernst & Young LLP as auditors will be put to shareholders at the forthcoming Annual General Meeting.

By order of the Board

**Stephen Ronaldson**  
*Company Secretary*

29 March 2006

## REPORT ON DIRECTORS' REMUNERATION

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### **Compliance**

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002. In line with best practice this Report on Directors' Remuneration is being put to shareholders at the forthcoming Annual General Meeting (AGM) for an advisory vote.

The remuneration of all executive directors is determined by the Remuneration Committee (the 'Committee') and ratified by the Board. The Committee is composed entirely of non-executive directors, and comprises Mr Simon Davies, who chairs the Committee, and Mr Michael Nobbs. None of the executive directors of the company is involved in determining his own remuneration.

The Committee consults with the Chief Executive and takes independent advice from MM&K Limited, a leading firm of remuneration consultants, which is appointed as an advisor to the Remuneration Committee in respect of executive remuneration and share schemes. MM&K Limited does not provide any other services to the company. No other person or company materially assisted the Committee during the year.

### **Remuneration approach**

The company's remuneration policy is to provide remuneration packages which ensure that directors and senior management are fairly and responsibly rewarded for their contributions.

The Committee endorses the principle of mitigation of damages on early termination of a service contract.

It is the Committee's current intention to continue with the above remuneration approach for 2006 and subsequent years although the Committee will keep the matter under review. The Committee's current intention with regard to share options is that they may be awarded but only in special circumstances.

### **Remuneration structure**

The executive directors' remuneration is basic salary. There are no annual performance related bonus schemes with a deferred element, benefits, longer-term incentives or pension provision.

### **Base salary**

Base salary is reviewed each year against other comparable companies in the oil sector and general market data on the basis of companies in similar industries and those of a similar size. The objective is to ensure that the base salary, when taken together with the rest of the package, provides a competitive remuneration package. The base salaries of the executive directors are currently positioned between the median and the upper quartile. While salary is reviewed by reference to market conditions, the performance of the company and the performance of the individual, the Committee would not regard this element of remuneration as directly performance related.

## REPORT ON DIRECTORS' REMUNERATION (continued)

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### Contracts of employment

The details of executive directors' contracts of employment and non-executive directors' letters of appointment are set out below:

- Gerald Orbell has a contract of employment with a notice period for termination of 12 months.
- Tony Heath has a contract of employment with a notice period for termination of 3 months.
- Non-executive directors have letters of appointment with a notice period for termination of 2 months.
- The company has granted an indemnity to all its directors under which the company will, to the fullest extent permitted by applicable law and to the extent provided by the Articles of Association, indemnify them against all costs, charges, losses and liabilities incurred by them in the execution of their duties.
- In the event of a change of control of the company Tony Heath has the option to give notice and receive a lump sum equivalent to 6 months' salary. Gerald Orbell, and the non-executive directors have a similar option but with an entitlement of 12 months' salary or fees.

### Summary of actual remuneration (audited)

	Salary and fees
	£'000's
<hr/>	
<b>Executive directors</b>	
G Orbell	63
J A Heath	63
<hr/>	
<b>Non-executive directors</b>	
S.H.Davies	9
M.B.A.Nobbs	9
<hr/>	
<b>Total for all directors</b>	<b>144</b>
<hr/>	

Notes:

1. Messrs. Orbell, Heath, Davies and Nobbs joined the Board on 04.04.2005, 17.05.2005, 26.04.2005 and 21.04.2005 respectively.

## STATEMENT OF DIRECTORS RESPONSIBILITIES

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United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SOUND OIL PLC

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We have audited the company's financial statements for the year ended 31 December 2005 which comprise profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, the statement of accounting policies and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

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

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

The directors are responsible for the preparation of the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

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

We report to you our opinion as to whether the 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 other transactions is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the 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 the company's affairs as at 31 December 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP  
Registered Auditors, London

29 March 2006

**PROFIT AND LOSS ACCOUNT**  
**for the period from 27 January to 31 December 2005**

	Note	£'000's
Exploration expenditure		(151)
Gross loss		(151)
Administrative costs	2, 3	(210)
Operating loss		(361)
Interest receivable	4	234
Loss on ordinary activities before tax		(127)
Tax	5	(66)
<b>Loss after tax</b>		<b>(193)</b>
<b>Loss per share (pence): basic</b>	6	<b>(0.12)</b>
<b>Loss per share (pence): diluted</b>	6	<b>(0.12)</b>

Results for the period reflect ongoing operations which are presently based in the UK.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the period to 31 December 2005**

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	<b>£'000's</b>
Net loss for the period attributable to members of the company	(193)
<b>Total recognised losses</b>	<b>(193)</b>

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**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**  
**for the period to 31 December 2005**

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	<b>£'000's</b>
Total recognised losses relating to the period	(193)
New shares issued	11,115
Costs associated with raising capital	(174)
Total movements during the period	10,748
Shareholders' funds at 27 January	
<b>Shareholders' funds at 31 December</b>	<b>10,748</b>

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**BALANCE SHEET**  
**as at 31 December 2005**

	Note	£'000's
<b>Current assets</b>		
Debtors	7	24
Cash and short-term deposits		10,839
<b>Total current assets</b>		<b>10,863</b>
Creditors: amounts falling due within one year	8	115
<b>Net current assets</b>		<b>10,748</b>
<b>Total assets less current liabilities</b>		
Creditors: amounts falling due after one year		–
Provisions for liabilities and charges		–
<b>Net assets</b>		<b>10,748</b>
<b>Capital and reserves</b>		
Share capital	9	300
Share premium account	10	10,641
Profit and loss account	10	(193)
<b>Total equity shareholders' funds</b>	10	<b>10,748</b>

Approved by the Board on 29 March 2006

**G Orbell**  
**J A Heath**

*Directors*

The accounting policies on page 15 and notes on pages 15 to 20 form part of these accounts.

**CASH FLOW STATEMENT**  
**for the period to 31 December 2005**

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	Note	£'000's
<b>Net cash outflow from operating activities</b>	11	(336)
<hr/>		
<b>Returns on investment and servicing of finance</b>		
Interest received		234
<hr/>		
<b>Taxation</b>		–
<hr/>		
<b>Cash outflow before management of liquid resources and financing</b>		<b>(102)</b>
<hr/>		
<b>Financing</b>		
Issue of Ordinary Shares		11,115
Costs associated with raising capital		(174)
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<b>Net cash from financing</b>		<b>10,941</b>
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<b>Increase in cash</b>		<b>10,839</b>

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## NOTES TO THE ACCOUNTS for the period to 31 December 2005

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### 1 Accounting policies

#### Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Oil Industry Accounting Committee Statement of Recommended Practice – ‘Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities’ and applicable accounting standards.

#### Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources comprise funds held in term deposit accounts.

### 2 Auditors’ remuneration

	£’000’s
Audit services	11
Non-audit services	18
<b>Total</b>	<b>29</b>

The non-audit services were for reporting on the Admission Document on 29 June 2005.

Audit services relate entirely to the current auditors, Ernst & Young LLP. Non audit services relate to the company’s previous auditors Chapman Davis LLP.

**NOTES TO THE ACCOUNTS**  
**for the period to 31 December 2005 (continued)**

**3 Employee costs**

£'000's

**Staff costs, including executive directors**

Wages and salaries	126
Social security costs	16

**Total** **142**

**Average number of employees (including executive directors) during the year**

Technical and operations	1
Management and administration	1

**Total** **2**

Details of directors' emoluments, in aggregate and by director, are shown in the Report on Directors' Remuneration on page 8.

**4 Interest Receivable**

£'000's

Short-term deposits	234
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**Total** **234**

**5 Tax on profit on ordinary activities**

**Analysis of tax charge**

£'000's

Loss on ordinary activities before tax	(127)
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Loss on ordinary activities at Standard Rate of UK Corporation Tax (30%)	38
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Non-deductible expenditure at Standard Rate	(108)
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Small companies relief	4
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**Total tax – Current** **(66)**

The most significant event to affect the tax charge in the future will be the establishment of exploration activities which will allow certain expenses to be deducted, and losses from the trade to be offset, in the calculation of the charge.

**NOTES TO THE ACCOUNTS**  
**for the period to 31 December 2005 (continued)**

**6 Loss per share**

The calculation of basic loss per Ordinary Share is based on the loss after tax and on the weighted average number of Ordinary Shares in issue during the period. Diluted earnings per Ordinary Share reflect the notional exercise of the weighted average number of dilutive Ordinary Share options outstanding during the period. Basic and diluted loss per share are calculated as follows:

	Loss after tax	Weighted average number of shares	Earnings per share
	£'000's	million	Pence
Basic	(193)	165	(0.12)
Diluted	(193)	166	(0.12)

**7 Debtors: amounts due within one year**

	£'000's
Prepayments	24
<b>Total</b>	<b>24</b>

**8 Creditors: amounts falling due within one year**

	£'000's
Trade creditors	11
Corporation Tax	66
Accruals	38
<b>Total</b>	<b>115</b>

**NOTES TO THE ACCOUNTS**  
**for the period to 31 December 2005 (continued)**

**9 Share capital**

Ordinary shares	0.1p shares	£
Authorised	3,000,000,000	3,000,000
Called up, issued and fully paid	300,272,309	300,272

The company was incorporated on 27 January 2005 with company Number 5344804 with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each, of which 2 shares were issued fully paid to the subscribers to the Memorandum of Association of the company. On 22 March 2005 the authorised share capital of the company was sub-divided and increased to 3,000,000,000 ordinary shares of 0.1p each. As a result the 2 shares in issue were subsequently subdivided into 2,000 0.1p shares.

On 11 May 2005 the subscriber shares were transferred to the founders. On 11 May 2005 the founders subscribed for an aggregate of 90,247,999 ordinary shares of 0.1p each fully paid for cash at par. On 17 May 2005 the founders subscribed for an aggregate of 9,750,001 ordinary shares of 0.1p each for cash at par.

On 29 June 2005 the company raised £11 million (before expenses) through a placing of 199,817,764 new ordinary shares of 0.1p per share at a price of 5.5p per share. Expenses of £174,000 were debited to share premium.

On 29 June 2005 454,545 new ordinary shares of 0.1p per share with a fair value of £25,000 were issued to the company's stockbrokers Hichens Harrison & Co. plc in settlement of their placing fee.

Under an agreement dated 22 June 2005 the company granted its brokers Hichens Harrison & Co. plc options to subscribe for 500,000 ordinary shares at 7.5p per share, exercisable on any date up to 29 June 2010.

**10 Share capital and reserves**

	Share capital	Share premium account	Profit and loss account	Total
	£'000's	£'000's	£'000's	£'000's
Shares issued	300	10,641	–	10,941
Loss for the year	–	–	(193)	(193)
<b>At 31 December 2005</b>	<b>300</b>	<b>10,641</b>	<b>(193)</b>	<b>10,748</b>

**NOTES TO THE ACCOUNTS**  
**for the period to 31 December 2005 (continued)**

**11 Cash flow statement analysis**

**a) Reconciliation of operating loss to net cash flow from operating activities**

	£'000's
Operating loss	(361)
Increase in debtors	(24)
Increase in creditors	49
<b>Net cash outflow from operating activities</b>	<b>(336)</b>

**b) Reconciliation of net cash flow to movement in net debt**

	£'000's
Increase in cash in the period	10,839
Cash flow from movement in liquid resources	–
Change in net cash resulting from cash flows	–
<b>Net cash at 31 December</b>	<b>10,839</b>

**c) Analysis of Net Cash**

	Cash Flow	At 31 December 2005
	£'000's	£'000's
Cash in hand and at bank	144	144
Short term deposits	10,695	10,695
<b>Total net cash</b>	<b>10,839</b>	<b>10,839</b>

**NOTES TO THE ACCOUNTS**  
**for the period to 31 December 2005 (continued)**

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**12 Financial Instruments**

The explanation of the company's objectives, policies and strategies for the role of financial instruments is shown on page 6. The company has taken advantage of the exemption in FRS13 "Derivatives and Other Financial Instruments" in respect of short-term debtors and creditors and consequently those items are not included in the relevant analysis within the following note.

**Fair Values**

	<b>Carrying amount</b>	<b>Fair value</b>
	<b>£'000's</b>	<b>£'000's</b>
<hr/>		
<b>Financial assets</b>		
Cash	10,839	10,839

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The fair values are based on market values at the end of the year.

**Interest rate risk**

Financial instruments exposed to interest rate risk (eg LIBOR) were floating rate cash assets maturing within one year: £10,838,834.

**13. Capital Commitments and Guarantees**

At 31 December 2005 the company had no capital commitments.

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## **DEALING INFORMATION**

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FT Share Price Index – Telephone 0906 8433711  
SEAQ short code – SOU

## **FINANCIAL CALENDAR**

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Announcements  
Interim – September 2006  
Preliminary – March 2007

## **ADDRESSES**

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Registered Office  
Sound Oil plc, 55 Gower St, London, WC1E 6HQ

Business Address  
Sound Oil plc, 1 Berkeley St, London, W1J 8DJ

Auditors  
Ernst & Young LLP, 1 More Place, London, SE1 2AF

Solicitors  
Ronaldsons, 55 Gower St, London, WC1E 6HQ

Stockbrokers  
Hichens Harrison & Co. plc, Bell Court House, 11, Blomfield St, London, EC2M 1LB

Nominated Advisers  
Smith & Williamson, 25 Moorgate, London EC2R 6AY

Registrars  
Share Registrars Limited, Craven House, West St, Farnham, Surrey, GU9 7EN

