

**Independent
Resources plc**
Annual report & accounts 2006

THURSDAY



L9MQVOG5

LD5

05/04/2007

84

COMPANIES HOUSE

Independent Resources plc

Contents

Period ended 30 June 2006

Contents	Page
Company information	1
Chairman's statement	2
Review of operations	4
Directors' report	6
Independent auditors' report	13
Consolidated income statement	14
Consolidated statement of changes in equity	14
Consolidated balance sheet	15
Company balance sheet	16
Consolidated cash flow statement	17
Notes to the financial statements	18

Independent Resources plc

Company information

Board of directors	G G Nash (executive chairman) G H S Staley (managing director) R Bencini (technical director) T B James (financial director) A R H Thomas (non-executive director)
Company secretary	T B James
Registered office	The Hollow Penn Lane Melbourne Derbyshire DE73 8EP
Registered number	5483127 (England and Wales)
Auditors	MRI Moores Rowland LLP 3 Sheldon Square London W2 6PS
Solicitors	Ashurst Broadwalk House 5 Appold Street London EC2A 2HA
Nominated adviser	Deloitte Corporate Finance Athene Place 66 Shoe Lane London EC4A 3BQ
Broker	Hitchens, Harrison & Co plc Bell Court House 11 Blomfield Street London EC2M 1LB
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN
Financial PR	First City Financial Limited 10-11 Percy Street London W1T 1DA
Website	www.ir-plc.com

Independent Resources plc

Chairman's statement

Period ended 30 June 2006

I am pleased to present Independent Resources' first annual report since our incorporation in June 2005 and our successful admission to AIM last December.

During that time, we have made important and encouraging progress towards our vision of becoming a significant and profitable international energy company. Our business model is centred on large-scale storage of natural gas, with added value derived from both commercial activities and upstream oil and gas operations.

The company raised just over £5 million (pre-expenses) on admission to AIM, following a pre-IPO placement of £2 million in August 2005. Our working capital position as of 30 June 2006 was £5.1 million. We are committed to managing our expenditures very prudently as we continue to evaluate and develop our portfolio of assets to the point of commercial exploitation.

As this is our first annual report to shareholders, I believe it is appropriate to provide a little background about Independent Resources' distinctive business strategy and the context in which we are applying that model.

Our geographical focus is on Italy, which has been historically and is increasingly committed to natural gas as its primary fuel for power generation as well as industrial use and domestic heating. The country does not have any nuclear generating capacity.

Italy is the third-largest gas market in Europe after the UK and Germany, and the fastest growing in absolute terms. While it was once able to satisfy its demand for gas from domestic production, depletion and rapid demand growth has meant that the country now imports more than 80% of its natural gas from far-away sources such as Russia and Algeria.

Security of supply is understandably a key concern in Italy today. It was one of the first European countries to begin liberalising its gas market in response to EU Directives designed to promote greater competition and new investment in the energy sector.

Italy's physical location as a land-bridge between North Africa and Continental Europe means that it can ultimately participate in and benefit from a huge and transparent energy trading space from Cap Bon in Tunisia to the interconnector at Zeebrugge in Belgium, to the Hub at Baumgarten in Austria, and to the major entry points into Germany from Russia.

It was in this context that the founding directors of Independent Resources decided to create a new energy trading company, backed by the physical assets and access to the commodity that would maximise its profitability.

The core asset underpinning our strategy, and the one that has been the focus of much of our management activity since incorporation, is the Rivara underground gas storage facility near Bologna.

Italy has an urgent need not only for more gas storage, but better storage. The unique geological characteristics of Rivara will permit more economical storage, and more rapid injection and withdrawal of large volumes of gas than the country's existing facilities, which are located in depleted sandstone gas reservoirs.

Evidence of this rapidly growing need arose last winter, when Italy experienced its first full-blown gas supply crisis, primarily due to a lack of adequate gas storage capacity and deliverability.

The commercial value of Rivara within that context also became increasingly apparent during the reporting period, with approaches being made to Independent Resources by several of Europe's leading gas players expressing potential interest in participating in the project. The Board will continue to evaluate all such approaches to determine whether it is in our shareholders' best interests to pursue them further at this very early stage in the development of what we believe will be an extremely valuable and long-term infrastructure investment.

Independent Resources plc

Chairman's statement *(continued)*

Period ended 30 June 2006

The Rivara project is designed to take advantage of both the macroeconomic aspects described above and the valuable microeconomic opportunities that will accrue to the operator of a large, high-performance gas storage facility within a dynamic market.

With a project capacity of 3.2 billion cubic metres, Rivara would add more than 20 per cent to Italy's current gas storage capacity. At the same time, its physical operation will be integrated into a trading platform that will enable optimal management of large volumes of gas from Italy's and Europe's two principal long-term suppliers - Gazprom in Russia and Sonatrach in Algeria - as well as from other major energy players seeking a strong commercial involvement in such a strategic location.

Several important and very positive milestones were reached during the period in advancing both planning and technical aspects of the Rivara project, and these are summarised in the review of operations on page 4.

The third element of our integrated strategy, in addition to large-scale gas storage and trading activities, is to extend our value chain into the upstream sector.

The company has acquired data from an initial stratigraphic borehole on our wholly-owned Fiume Bruna coal bed methane (CBM) permit in central Italy. The results of this test drilling will greatly assist in formulating and executing the next phase of appraisal for this low-cost but substantial resource, which we expect to start exploiting by the end of 2008.

Looking beyond initial commissioning of Fiume Bruna, we believe that the field's productivity and economics can be further enhanced by the injection of carbon dioxide (CO₂) into the coal bed. Independent Resources has world-class expertise in CO₂ injection and sequestration, and recently became a full member of the Carbon Capture and Storage Association - a UK-based organisation whose mission is to promote geological storage of CO₂ as a means both of reducing atmospheric emissions of this greenhouse gas and of enhancing the recovery of hydrocarbons.

In early 2006, the Tunisian government formally approved Independent Resources' proposal to farm in to a 40 per cent interest in the promising Ksar Hadada concession onshore Tunisia. Our original intention, with operator Petroceltic, was to re-enter and test an existing well on the large Sidi Toui structure in the second half of 2006. However, after receiving valuable additional seismic data from the state oil company ETAP, we decided to postpone the re-entry until late 2007 at the earliest in order to interpret and integrate this additional data with our existing data.

More information about our activities relating to both Fiume Bruna and Ksar Hadada is included in the review of operations.

We are encouraged by the advances we have made to date in implementing our uniquely integrated strategy, and are confident that it will yield outstanding benefits to our shareholders in the coming years.

On November 17, 2006, the Company filed its first annual report since being admitted to AIM, incorporating results for the period from incorporation to 30 September 2006. Due to an administrative error, Companies House has obliged the Company to file accounts for the period from incorporation to 30 June 2006.

This is an administrative matter only. Apart from the period covered, the 30 June 2006 accounts are consistent with the published 30 September 2006 accounts already laid before shareholders.

These accounts are now available on the company's website, www.ir-plc.com. They will be laid before shareholders at the next AGM expected to be in December 2007.

The interim accounts as at 31 March 2007 will be announced in the usual way, no later than 15 June 2007.

I would like to express my appreciation to my fellow directors for their shared commitment and individual contributions to our objectives; to our small but growing team of dedicated employees in Italy; and to all our shareholders. Your continued support in the creation and growth of Independent Resources plc is greatly valued, and we look forward to keeping you informed of our progress.

Grayson Nash
Executive Chairman

27 March 2007

Independent Resources plc

Review of operations

Period ended 30 June 2006

In its first full year since incorporation, Independent Resources plc made considerable progress in derisking each of the major assets in its portfolio, and advancing their development in order to create a highly focused, distinctive and profitable energy enterprise.

Rivara, Italy

The company's key asset, the proposed Rivara underground gas storage (UGS) facility near Bologna in Italy, is a massive fractured limestone formation that provides the capability to inject and withdraw natural gas rapidly to match seasonal demand patterns and take advantage of the associated trading opportunities.

The size and unusual characteristics of this geological formation mean that it has the potential to become one of Italy's largest and most valuable natural gas storage facilities, at a time when the country is facing a growing shortfall in gas deliverability.

Rivara's geographical location, too, is strategically important, lying close to Italy's balancing point on the natural gas "highway" that supplies Europe from North Africa.

After more than a year of detailed preparation and consultation with the local, regional and national authorities, Independent Resources submitted its full planning application and accompanying environmental impact assessment (EIA) for the Rivara development in September.

We are continuing to work in close cooperation with all the relevant authorities, who recognise the country's pressing need for additional gas storage capacity. Our expectation is that all the required planning consents to begin development of the Rivara UGS will be secured within the first half of 2007. Our plans remain on schedule to bring Rivara onstream in 2011.

Also as part of this cooperative approach, Independent Resources signed a Memorandum of Understanding (MoU) in May 2006 with Bologna-based Hera SpA, the principal multi-utility within the Emilia Romagna region. As geographic neighbours with overlapping business objectives and a common regulatory regime, both parties recognise that there are potential benefits to be gained through cooperation. While no binding obligations are entailed in the MoU, we are confident that this arrangement will generate mutually advantageous business opportunities for both companies in the coming years.

To further enhance the Rivara project's long-term profitability, the company has devised a process that will enable it to generate electricity from the stored natural gas - without burning the gas. This highly efficient and environmentally friendly technology will use the flow pressure from gas withdrawals to drive turbines that will generate electricity for use onsite and for export to the Italian grid.

Finally on Rivara, additional technical studies completed during the year have added significantly to our understanding of the reservoir's geological characteristics, enabling the company to identify the optimal location for the surface facilities. Acquisition of the 6.6 hectare site has been formally agreed with the landowner.

Fiume Bruna, Italy

During September, Independent Resources began drilling its first stratigraphic borehole on its 100 per cent-held Fiume Bruna coal bed methane (CBM) concession in Tuscany. CBM is becoming an increasingly significant and valuable energy source elsewhere in Europe and in the US. We believe this is the first well in Italy drilled specifically to evaluate a CBM formation, and the experience we and our service companies have gained through the process will be invaluable for future wells.

Independent Resources plc

Review of operations (*continued*)

Period ended 30 June 2006

The purpose of this preliminary borehole is to acquire additional data on the Fiume Bruna coal formation. We expect to have a full gas content analysis of the recovered coal samples by June this year. This will enable us to optimise and implement the next phase of appraisal prior to expected first production in 2008 as scheduled in our AIM admission document.

Annual production is targeted to reach up to 10 billion cubic feet in 2009, and potentially twice that volume in subsequent years. In addition, we believe that enhanced CBM technology using CO₂ injection could increase recovery and extend the productive life of Fiume Bruna considerably.

Ksar Hadada, Tunisia

Independent Resources' third major asset is its 40 per cent interest in the highly prospective Ksar Hadada concession onshore Tunisia. The Tunisian government formally approved our farm-in to this Petroceltic-operated permit area in February 2006.

Ksar Hadada covers an area of approximately 7000 square kilometres within the prolific Ghadames basin, where a number of major oil and gas fields have been discovered in neighbouring Libya and Algeria. The primary prospect within the permit area is the large Sidi Toui structure.

The partners' original intention was to re-enter and test an earlier well on this structure, Sidi Toui-3, in the second half of 2006. In August, however, we received from the Tunisian national oil company, ETAP, a large amount of historic seismic and well data for the acreage.

Based on an initial and promising assessment of this data, as well as the current scarcity and high cost of drilling rigs in the region, it was decided to postpone the planned re-entry until we have integrated this additional data into our existing interpretation.

We believe this exercise will prove extremely valuable not only to our understanding of the Sidi Toui structure but also of other identified and potential prospects within the concession area.

We expect to complete this additional interpretation in the first half of 2007 but do not expect to secure a drilling rig for the Sidi Toui-3 re-entry until the latter part of this year at the earliest.

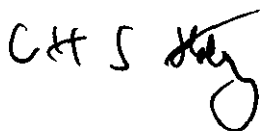
All work obligations for the first term of the licence have already been fulfilled, and we continue to be excited as we learn more about the geology of Ksar Hadada. The majority of the prospects and leads identified are quite shallow and close to existing infrastructure, making them relatively inexpensive to drill and develop.

Business growth

Independent Resources is continuing to seek and evaluate additional opportunities, both in gas storage and in the upstream sector, that are consistent with our focused strategy and offer potential for further profitable growth.

While much still needs to be done before each of the company's current assets - Rivara, Fiume Bruna and Ksar Hadada - begin to generate cash, we are encouraged by the results of our operations in the past year and will be working energetically to bring them much closer to profitability in the year ahead.

Dr Stephen Staley
Managing Director



27 March 2007

Independent Resources plc

The directors' report

Period ended 30 June 2006

The Directors submit their revised Report and Accounts for the year ended 30 June 2006. These replace the original Report and Accounts for the year ended 30 September 2006 and laid before shareholders on 15 December 2006. The revised Report and Accounts for the year ended 30 June 2006 have been prepared as at 17 November 2006 being the date that the original Report and Accounts were approved and not at the date of revision, and accordingly do not deal with events between those two dates.

The original Report and Accounts for the year ended 30 September 2006 did not comply with the requirements of the Companies Act 1985 as Companies House did not receive notification of the change of year end from 30 June 2006 to 30 September 2006.

The revised Report and Accounts for the year ended 30 June 2006 were approved by the Board of Directors on 27 March 2007 and are now the statutory accounts of the Company for that financial year.

Principal activities

Independent Resources plc is the holding company for a group of companies engaged in the appraisal and development of a number of integrated oil and gas related projects. The objective of the Board is to build an integrated energy group with assets initially in the Mediterranean, with the possibility of integrating additional projects from further afield. The company was incorporated on 16 June 2005, commenced trading on 16 June 2005 and floated on the AIM stock market on 12 December 2005.

Results and dividends

Turnover for the period was £nil, and the loss before tax was £454,691. The directors have not declared any dividend in respect of the period ended 30 June 2006.

Business review

A review of the current and future development of the group's business is given in the chairman's statement on page 2 and the review of operations on page 4.

The directors consider net loss currently to be the key financial performance indicator of the group. The key non-financial performance indicators are:

- submission of full planning application for the Rivara project and its approval, and
- submission of the Environmental Impact Study for the Fiume Bruna project and its approval.

Directors and directors' interests

The directors who served during the period were as follows:

	Date of appointment	Date of resignation
G G Nash	16 June 2005	-
G H S Staley	16 June 2005	-
R Bencini	16 June 2005	-
T B James	16 June 2005	-
A R H Thomas	1 October 2005	-
Waterloo Nominees Limited	16 June 2005	16 June 2005
Waterloo Secretaries Limited	16 June 2005	16 June 2005

The Articles of Association of the company state that at each Annual General Meeting one-third of the directors who are subject to retirement by rotation or, if their number is not three nor a multiple of three, the number nearest to but not exceeding one-third, shall retire from office.

Therefore G H S Staley retired by rotation at the first Annual General Meeting and, being eligible, offered himself for re-election and was duly re-elected.

Independent Resources plc

The directors' report (continued)

Period ended 30 June 2006

Directors and directors' interests (continued)

		16 June 2005 Ordinary shares of £1 each	30 June 2006 Ordinary shares of 1p each	Percentage of issued share capital
G G Nash	note 1	-	6,037,350	18.0
G H S Staley	note 2	-	5,625,000	16.8
R Bencini	note 3	-	5,625,000	16.8
T B James	note 4	-	96,000	0.03
A R H Thomas		-	16,667	0.005
Waterloo Nominees Limited		1	-	-
Waterloo Secretaries Limited		1	-	-

Note 1 - 5,625,000 shares held by Grayson Nash, LLC, a company controlled by G G Nash and 412,350 shares held by A H Nash, wife of G G Nash.

Note 2 - 5,625,000 shares held beneficially by Sanne Trust Company Limited as trustees for Traunsee trust, of which G H S Staley, his wife and children are beneficiaries.

Note 3 - 5,625,000 shares held by GAIA srl, a company controlled by R Bencini.

Note 4 - 96,000 held by Pershing Keen Nominees Limited as a nominee company for the benefit of T B James.

Financial risk management

The group's operations expose it to financial risks that include liquidity risk, interest rate and foreign exchange risk. The group does not have any debt and is not therefore required to use derivative financial instruments to manage interest rate costs nor is hedge accounting applied.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The group's finance department implements the policies set by the board of directors.

Price risk

The directors do not consider there is a price risk to the business. The group has no exposure to equity securities price risk as it holds no listed or other equity investment.

Credit risk

At this early stage of the group's development, in the absence of customers, it does not have a credit risk.

Liquidity risk

The group actively manages its working finance to ensure the group has sufficient funds for operations and planned expansion.

Independent Resources plc

The directors' report (continued)

Period ended 30 June 2006

Interest rate cash flow risk

The group does not have interest-bearing liabilities. Interest bearing assets are only cash balances that earn interest at a floating rate.

The directors do not consider there to be a material cash flow risk. However, for the group to achieve its planned expansion, it will require to raise funds in the form of equity and/or debt within the next 2 years.

Foreign exchange risk

The group principally operates in the euro area, with some exposure to the US dollar. It does not currently consider the risk of exposure to these currencies to be material. As such the directors do not currently consider it necessary to enter into forward exchange contracts. This situation is monitored on a regular basis.

Directors' insurance

The company has taken out an insurance policy to indemnify the directors and officers of the company against liability when acting for the company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that period. In doing so the directors are required to:

- select suitable accounting policies and 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 financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Statement of disclosure to auditors

The directors confirm that:

- there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Resources plc

The directors' report *(continued)*

Period ended 30 June 2006

Substantial shareholdings

The following interests of 3% or more in the company's share capital have been reported at 30 June 2006:

Name	Ordinary shares of 1p each	Percentage held
Goldman Sachs Securities (Nominee) Limited	1,130,475	3.4%
HSBC Global Custody Nominee (UK) Limited	1,888,066	5.6%
Morston Nominees Limited	3,992,692	11.9%
Pershing Keen Nominees Limited	5,105,753	15.3%
G G Nash	6,037,350	18.0%
G H S Staley	5,625,000	16.8%
R Bencini	5,625,000	16.8%

Supplier payment policy

It is the group's policy to pay suppliers in accordance with the terms of business agreed with them. The number of days purchases outstanding for the group at the end of June 2006 was 90 days.

Independent Resources plc

The directors' report (continued)

Period ended 30 June 2006

Share option scheme

The share option scheme was adopted by the company on 25 November 2005. It was established to reward and incentivise the executive management team for delivering share price growth. The share option scheme will be administered by the Remuneration Committee.

Directors' share options

Name of director	Start of period	Number of options		Market price at date of exercise	End of period	Exercise price	Earliest date for exercise	Latest date for exercise
		Granted in the period	Exercised in the period					
G G Nash Discretionary	-	501,500	-	-	501,500	60p	25/11/2008	25/11/2015
G H S Staley Discretionary	-	501,500	-	-	501,500	60p	25/11/2008	25/11/2015
R Bencini Discretionary	-	501,500	-	-	501,500	60p	25/11/2008	25/11/2015
T B James Discretionary	-	334,333	-	-	334,333	60p	25/11/2008	25/11/2015
A R H Thomas Discretionary	-	16,667	-	-	16,667	60p	25/11/2008	25/11/2015

There have been no variations to the terms and conditions of performance criteria for the share options during the financial period.

Corporate Governance

Compliance with the Combined Code

The directors recognise the value of the Combined Code on Corporate Governance, and whilst under AIM rules full compliance is not required, the directors believe that the Company applies the recommendations insofar as is practicable and appropriate for a public company of its size.

Board of Directors

The board of directors comprises four executive directors and one non-executive director who qualifies as an independent non-executive director as defined in the Combined Code. The directors are of the opinion that the board comprises a suitable balance and that the recommendations of the Combined Code have been implemented to an appropriate level. The board, through the chairman and executive directors in particular, maintains regular contact with its advisers and public relations consultants in order to ensure that the board develops an understanding of the views of major shareholders about the company.

The board meets regularly throughout the year and met 13 times during the period to 30 June 2006. The board is responsible for formulating, reviewing and approving the company's strategy, financial activities and operating performance. Day-to-day management is devolved to the executive directors who are charged with consulting the board on all significant financial and operational matters. Consequently, decisions are made promptly and following consultation among the directors concerned where necessary and appropriate.

Independent Resources plc

The directors' report *(continued)*

Period ended 30 June 2006

All necessary information is supplied to the directors on a timely basis to enable them to discharge their duties effectively, and all directors have access to independent professional advice, at the company's expense, as and when required.

The participation of both private and institutional investors at the Annual General Meeting is welcomed by the board.

Internal controls

The directors acknowledge their responsibility for the company's and the group's systems of internal control, which are designed to safeguard the assets of the group and ensure the reliability of financial information for both internal use and external publication. Overall control is ensured by a regular detailed reporting system covering both technical progress of a project and the state of the group's financial affairs. The board has put in place procedures for identifying, evaluating and managing any significant risks that face the group.

Any system of internal control can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated. The directors, having reviewed the effectiveness of the system of internal financial, operational and compliance controls and risk management, consider that the system of internal control operated effectively throughout the financial year and up to the date the financial statements were signed.

Committees

Each of the following committees has its own terms of reference.

Audit Committee

The Audit Committee comprises the non-executive director and the executive chairman. Its terms of reference indicate at least two regular meetings per year and its formal meeting, to review the 2006 audit, took place on 7 November 2006. All directors received a copy of the audit report prior to the meeting and had an opportunity to comment. The meeting was attended by the auditors.

The finance director and a representative of the external auditors are normally invited to attend meetings. Other directors or staff may be invited to attend, as considered beneficial by the committee.

The Audit Committee's primary responsibilities are to review the effectiveness of the company's systems of internal control, to review with the external auditors the nature and scope of their audit and the results of the audit, and to evaluate and select external auditors.

Remuneration Committee

The Remuneration Committee plans to meet at least twice in each year. It has met once since it was set up. Its members are A R H Thomas (chairman) and T B James, both of whom were in attendance at the meeting.

The company's policy is to remunerate senior executives fairly in such a manner as to facilitate the recruitment, retention and motivation of staff. The Remuneration Committee agrees with the Board a framework for the remuneration of the chairman, the executive directors and the senior management of the company. The principal objective of the committee is to ensure that members of the executive management of the company are provided incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company. Non-executive fees are considered and agreed by the board as a whole.

Independent Resources plc

The directors' report (continued)

Period ended 30 June 2006

Nomination Committee

A R H Thomas (chairman), G G Nash and G H S Staley have been identified as members of the Nomination Committee but the committee has not formally commenced working. Until the company becomes substantially larger, the directors are of the opinion that the Nomination Committee would only need to be convened in unusual circumstances.

Going concern

After making enquiries, the directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the company and group as a whole have adequate resources to continue in operational existence for the foreseeable future. For this reason the directors have adopted the going concern basis in preparing the financial statements.

Auditors

MRi Moores Rowland LLP were appointed as group auditors in 2006. In accordance with section 385 of the Companies Act 1985, a resolution for their reappointment was proposed and passed at the first Annual General Meeting.

Annual General Meeting

The first Annual General Meeting of the company was held at 11 a.m. on 15 December 2006 at the offices of Ashurst, Broadwalk House, 5 Appold Street, London EC2A 2HA.

Amendments to the Articles of Association

The board decided to make amendments to the Articles of Association following a change in law relating to directors' indemnities. Shareholder approval to the changes was received at the first Annual General Meeting held on 15 December 2006.

The amendments to the Articles of Association related to article 142, which amended the provisions relating to indemnities given to directors and other officers. The amendments reflect changes in the law that extend the range of the indemnity which companies are permitted to give directors. The amendments specifically exclude the giving of an indemnity to the company's auditors.

Signed by order of the directors

T B James
Secretary

Date: 27 March 2007



Independent Resources plc

Independent auditors' report to the shareholders

Period ended 30 June 2006

We have audited the revised group and parent company financial statements (the "financial statements") of Independent Resources plc for the period ended 30 June 2006, which comprise the Consolidated Income Statement, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and the related notes. These revised financial statements have been prepared on the basis of the accounting policies set out therein.

The revised financial statements replace the original statements for the period ended 30 September 2006 approved by the directors on 17 November 2006. They have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 1990 ("the Regulations") and accordingly do not take into account of events that have taken place after the date on which the original financial statements were approved.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 and as required by paragraph 6 of the Regulations. 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' responsibilities for preparing the revised Annual Report and the revised Financial Statements in accordance with applicable law and International Financial Reporting Standards as adopted for use in the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the revised 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 revised financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 as they have effect under the Regulations. We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors. We also report to you if, in our opinion, the revised Directors' Report is consistent with the revised financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read other information contained in the revised Annual Report and consider whether it is consistent with the revised financial statements. This other information comprises the Directors' Report, Chairman's Statement and Review of Operations. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the revised 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 revised financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the revised financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed. The audit of the revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

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 revised 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 revised financial statements.

Opinion

In our opinion:

- the revised financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the group's and company's affairs as at 30 June 2006 and of the group's result for the period then ended;
- the revised financial statements have been properly prepared in accordance with the Companies Act 1985 as they have effect under the Regulations;
- the original financial statements for the period ended 30 September 2006 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in the statement contained in the directors' report; and
- the information given in the Directors' Report is consistent with the financial statements.

MRI Moores Rowland LLP
MRI Moores Rowland LLP

Registered Auditor
Chartered Accountants
London

3 April 2007

Note: The maintenance and integrity of the Independent Resources plc website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were originally presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Resources plc

Consolidated income statement

Period ended 30 June 2006

	Notes	2006 £
Continuing operations		
Revenue	2	-
Cost of sales		-
Gross profit		-
Administrative expenses		(592,775)
Operating loss	3	(592,775)
Net financial income	6	138,084
Loss on ordinary activities before taxation		(454,691)
Taxation	7	-
Loss for the period		(454,691)
Earnings per share	8	
From continuing operations		
Basic		(0.02)
Diluted		(0.02)

Consolidated statement of changes in equity

Loss for the period	(454,691)
New shares issued and to be issued	9,308,785
Transaction costs	(1,088,809)
Share based payments	75,802
Exchange difference on investment	(1,297)
Total change in equity	7,839,790

The notes on pages 18 to 32 form an integral part of these financial statements.

Independent Resources plc

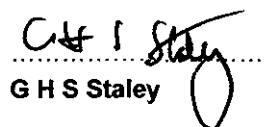
Consolidated balance sheet

As at 30 June 2006

	Notes		2006 £
Non-current assets			
Property, plant and equipment	10		104,263
Goodwill	12		2,044,146
Other intangible assets	14		<u>633,888</u>
			2,782,297
Current assets			
Trade and other receivables	16	110,184	
Cash and cash equivalents	17	<u>5,067,130</u>	
		5,177,314	
Current liabilities			
Trade and other payables	18	(103,998)	
Current taxation liabilities	18	<u>(15,823)</u>	
		(119,821)	
Net current assets			<u>5,057,493</u>
Net assets			<u>7,839,790</u>
Equity attributable to equity holders of the parent			
Share capital	19		334,333
Share premium account	20		5,843,828
Shares to be issued	21		2,041,815
Share option reserve	21		75,802
Foreign currency translation reserve	21		(1,297)
Losses	21		<u>(454,691)</u>
Total equity			<u>7,839,790</u>

These financial statements were approved by the board of directors on 27 March 2007


.....
T B James


.....
G H S Staley

The notes on pages 18 to 32 form an integral part of these financial statements.

Independent Resources plc

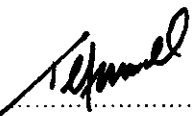
Company balance sheet

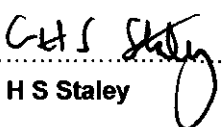
As at 30 June 2006

	Notes		2006 £
Non-current assets			
Property, plant and equipment	11		8,004
Interest in subsidiary undertakings	15		2,052,086
Amounts receivable from group undertakings	16		<u>930,884</u>
			2,990,974
Current assets			
Trade and other receivables	16	41,797	
Cash and cash equivalents	17	<u>5,039,693</u>	
		5,081,490	
Current liabilities			
Trade and other payables	18	(93,372)	
Current taxation liabilities	18	<u>(9,461)</u>	
		<u>(102,833)</u>	
Net current assets			<u>4,978,657</u>
Net assets			<u>7,969,631</u>
Equity			
Share capital	19		334,333
Share premium account	20		5,843,828
Shares to be issued	21		2,041,815
Share option reserve	21		75,802
Losses	21		<u>(326,147)</u>
Equity shareholders' funds			<u>7,969,631</u>

These financial statements were approved by the board of directors on

27 March 2007


.....
T B James


.....
G H S Staley

The notes on pages 18 to 32 form an integral part of these financial statements.

Independent Resources plc

Consolidated cash flow statement

Period ended 30 June 2006

	2006
	£
Cash flows from operating activities	
Loss before taxation	(454,691)
Adjustments for:	
Depreciation of property, plant and equipment	3,172
Financial income	(138,088)
Financial costs	<u>4</u>
	(589,603)
Increase in trade and other receivables	(94,749)
Increase in trade and other payables	108,292
Share based payment	75,802
Exchange rate difference on investments	<u>(1,297)</u>
Cash used in operations	(501,555)
Interest paid	<u>(4)</u>
Net cash used in operating activities	(501,559)
Cash flows from investing activities	
Interest received	138,088
Purchase of intangible assets	(633,888)
Purchases of property, plant and equipment	(106,676)
Acquisition of subsidiary	<u>(6,996)</u>
Net cash used in investing activities	(609,472)
Cash flows from financing activities	
Issue of share capital	7,266,970
Share issue costs	<u>(1,088,809)</u>
Net cash from financing activities	<u>6,178,161</u>
Cash and cash equivalents at 30 June 2006	<u>5,067,130</u>

The notes on pages 18 to 32 form an integral part of these financial statements.

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

1. Accounting policies

General information

These financial statements are for Independent Resources plc ("the company") and subsidiary undertakings. The company is registered in England and Wales and incorporated under the Companies Act 1985. The nature of the company's operations and its principal activities are set out in the Directors' Report on page 6.

The principal accounting policies are summarised below:

(a) Basis of preparation

The financial statements, the company's first, have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards and International Accounting Standards, adopted for use by the European Union, and on the going concern basis.

(b) Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiaries under the acquisition method. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Acquisitions are accounted for under the acquisition method.

(c) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of its subsidiaries and jointly controlled entities at the dates of acquisition. The cost of acquisition will include any contingent liabilities in relation to the purchase cost. Any such contingent liability will have been measured at fair value.

Goodwill is recognised as an asset and reviewed for impairment at least annually.

(d) Property, plant and equipment

Property, plant and equipment is stated at cost, or deemed cost less accumulated depreciation, and any recognised impairment loss. Land is stated at cost and is not depreciated.

Depreciation is charged so as to write off the cost or valuation of assets less any residual value over their estimated useful lives, using the straight line method, on the following bases:

Office equipment	33.3% straight line
------------------	---------------------

(e) Other intangible assets - exploration licence costs

Exploration and evaluation expenditure comprises costs which are directly attributable to researching and analysing exploration data. It also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. When it has been established that a mineral deposit has development potential, all costs (direct and applicable overhead) incurred in connection with the exploration and development of the mineral deposits are capitalised until either production commences or the project is not considered economically viable. In the event of production commencing, the capitalised costs are amortised, through administrative expenses, over the expected life of the mineral reserves on a unit of production basis. Other pre-trading expenses are written off as incurred. Where a project is abandoned or is considered to be of no further interest the related costs are written off.

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

1. Accounting policies (*continued*)

(f) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

(g) Deferred taxation

The financial statements do not include a deferred tax asset in respect of carry forward of unused losses as the directors are unable to assess, with accuracy, whether there will be probable future taxable profits available against which the unused tax losses can be utilised.

(h) Conversion of foreign currency

Foreign currency transactions are translated at the average exchange rates over the period. Liabilities are translated at the rates prevailing at the balance sheet date or, where applicable, under related forward exchange contracts. Assets are translated at the rates ruling at the balance sheet date.

(i) Share-based payments

The fair value of equity instruments granted to employees is charged to the income statement with a corresponding increase in equity. The fair value of share options is measured at grant date, using the Black-Scholes model, and spread over the period during which the employee becomes unconditionally entitled to the award. The charge is adjusted to reflect the number of shares or options that vest, except where forfeiture is due to market based criteria.

(j) Accounting estimates and judgements

The preparation of financial statements in conforming with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are made in the period in which they are recognised.

(k) Shares to be issued

The consideration on acquisition of Independent Gas Management srl was deferred. Whereas 25% of the consideration will be payable after three years, the remaining 75% depends on the progress of the share price. The directors believe there is an assurance and expectation that these will be met. Therefore deferred consideration has been recognised in full.

(l) Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

2. Revenue and segmental information

The group has not generated any revenue during the period.

The group's operations are located in England, Italy and Tunisia.

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets	Additions to property plant and equipment in the period
	£	2006 £
United Kingdom	8,004	11,176
Italy	96,259	96,259
Tunisia	-	-
	<u>104,263</u>	<u>107,435</u>

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

3. Expenses and auditors' remuneration

The operating loss is stated after charging the following amounts:

	2006 £
Depreciation of property, plant and equipment - - owned	3,172
Auditors' remuneration	
- audit	15,000
- non audit services	-
Rent of land and buildings	23,286
Share options	75,802
Net foreign exchange losses	<u>12,288</u>

4. Aggregated directors' remuneration

The total amounts for directors' remuneration were as follows:

	2006 £
Emoluments detailed below paid under Service Agreements	152,083
Share based payments	<u>75,802</u>
Total	<u>227,885</u>

Directors' emoluments

Directors' remuneration for the period was:

	Salary/fees £	Pension £	Benefits £	2006 Total £
Aggregate emoluments	<u>148,333</u>	<u>3,750</u>	<u>-</u>	<u>152,083</u>

The group reimburses the directors for expenses incurred by them or their service companies in the performance of their duties for the group.

Share options

The share option scheme, which was adopted by the company on 25 November 2005, has been established to reward and incentivise the executive management team for delivering share price growth. The share option scheme will be administered by the Remuneration Committee.

Options were granted over 1,838,833 ordinary shares on 25 November 2005 to executive directors and options over 16,667 ordinary shares were granted to A R H Thomas on the same date.

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

Pension arrangements

The company is obliged to make a contribution of £5,000 per annum to a personal pension scheme for G H S Staley.

Consultancy agreements

In addition to the Service Agreements the following consultancy agreements have been entered into:

Individual providing service	Parties to consultancy agreement
G G Nash	Independent Resources plc and Seaspray 2 srl - 1 July 2005 to 31 October 2005 at £5,000 per month. Independent Gas Management srl and Independent Energy Solutions srl (jointly) and Seaspray 2 srl - ongoing from 1 November 2005 at €15,000 per month.
G H S Staley	Independent Resources plc and Derwent Resources Ltd - 1 July 2005 to 31 October 2005 at £5,000 per month.
R Bencini	Independent Resources plc and GAIA srl - 1 July 2005 to 31 October 2005 at £5,000 per month. Independent Gas Management srl, Independent Energy Solutions srl and Independent Resources (Ksar Hadada) Ltd (jointly) and GAIA srl - ongoing from 1 November 2005 at €15,000 per month.
T B James	Independent Resources plc and Boatsmill Europe Ltd - 1 June 2005 to 31 December 2005 at £60,000. From 1 January 2006 to 30 June 2006 at £12,500 per quarter.

5. Staff costs and numbers

The average number of persons employed by the group during the period including executive directors is analysed below:

	2006
Administration	<u>7</u>
	<u>7</u>
Group employment costs - all employees including executive directors	2006 £
Wages and salaries	164,551
Social security costs	20,133
Pension contributions	3,750
Share based payments - equity settled	<u>75,802</u>
	<u>264,236</u>

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

6. Net financial income	2006
	£
Interest receivable and similar income	<u>138,084</u>
	<u>138,084</u>

7. Taxation

Tax on profit on ordinary activities	2006
	£
Taxation charged based on profits for the period	
UK Corporation tax based on the results for the period at 19%	-
Less double tax relief	-
Overseas taxation	<u>-</u>
Current taxation	-
Deferred tax:	
(Decrease)/increase in provision for deferred tax	<u>-</u>
Total tax expense in income statement	<u>-</u>

Reconciliation of the tax expense

The tax assessed for the period is different than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2006
	£
Loss on ordinary activities before taxation	<u>(454,691)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(86,391)
Effects of:	
Deferred tax not provided	<u>86,391</u>
Total current tax	<u>-</u>

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

8. Earnings per share

The calculation of basic and diluted earnings per share at 30 June 2006 was based on the loss attributable to ordinary shareholders of £454,691 and a weighted average number of ordinary shares outstanding during the period ending 30 June 2006 of 19,144,521, as shown below.

In accordance with IAS 33 and as the group has reported a loss for the period, the share options are not dilutive.

	2006 £
Net loss for the period	<u>(454,691)</u>
Basic and diluted weighted average ordinary shares in issue during the period	<u>19,144,521</u>

9. Loss of the parent company

A loss of £326,147 has been dealt with in the financial statements of the parent company. The parent company is not required to produce its own profit and loss account because of the exemption provision in Section 230 of the Companies Act 1985.

The audit fee reported in note 3 was for the company and group. There was no separate audit fee for the subsidiaries.

10. Property, plant and equipment (group)

Cost	Total £	Land £	Fixture & Fittings £
16 June 2005	-	-	-
Additions	<u>107,435</u>	<u>45,653</u>	<u>61,782</u>
30 June 2006	<u>107,435</u>	<u>45,653</u>	<u>61,782</u>
Depreciation			
16 June 2005	-	-	-
Charge for the period	<u>3,172</u>	<u>-</u>	<u>3,172</u>
30 June 2006	<u>3,172</u>	<u>-</u>	<u>3,172</u>
Carrying amount			
30 June 2006	<u>104,263</u>	<u>45,653</u>	<u>58,610</u>

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

11. Property, plant and equipment (parent company)

Cost	Fixtures & Fittings £
16 June 2005	-
Additions	<u>11,176</u>
30 June 2006	<u>11,176</u>
Depreciation	
16 June 2005	-
Charge for the period	<u>3,172</u>
30 June 2006	<u>3,172</u>
Carrying amount	
30 June 2006	<u>8,004</u>

12. Goodwill (group)

	2006 £
Cost	
16 June 2005	-
Additions - arising on acquisitions of subsidiaries	<u>2,044,146</u>
30 June 2006	<u>2,044,146</u>
Carrying amount	
30 June 2006	<u>2,044,146</u>

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

13. Acquisition of subsidiaries (see note 15)

On 19 July 2005 the group acquired 100% of issued share capital of Independent Energy Solutions srl.

	Book value £	Fair value adjustments £	Fair value £
Net assets acquired			
Trade and other receivables	8,883	-	8,883
Cash and cash equivalents	528	-	528
Trade and other payables	(9,011)	-	(9,011)
Net identifiable assets and liabilities	<u>400</u>	<u>-</u>	<u>400</u>
Goodwill			
Total consideration			<u>10,269</u>
Satisfied by:			
Cash			<u>10,269</u>
Goodwill arising on acquisition			<u>9,869</u>

In accordance with IFRS 3, the balance of consideration after deducting the fair value of the acquired assets is recognised as the acquired goodwill in the group.

If the acquisition of Independent Energy Solutions srl had been completed on the first day of the financial period there would have been no significant effect on the results as reported in the financial statements.

Independent Energy Solutions srl has not generated revenue since acquisition and the loss incurred at the period end is £104,272.

On 19 July 2005 the group acquired 100% of issued share capital of Independent Gas Management srl.

	Book value £	Fair value adjustments £	Fair value £
Net assets acquired			
Property, plant and equipment	759	-	759
Inventories	-	-	-
Trade and other receivables	6,552	-	6,552
Cash and cash equivalents	2,745	-	2,745
Trade and other payables	(2,518)	-	(2,518)
Net identifiable assets and liabilities	<u>7,538</u>	<u>-</u>	<u>7,538</u>

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

13. Acquisition of subsidiaries (*continued*) (see note 15)

Goodwill	£
Total consideration	<u>2,041,815</u>
Satisfied by:	
Equity shares to be issued in future periods	<u>2,041,815</u>
Goodwill arising on acquisition	<u>2,034,277</u>

In accordance with IFRS 3, the balance of consideration after deducting the fair value of the acquired assets is recognised as the acquired goodwill in the group.

The fair value of consideration has been determined by reference to the market value of the shares at the date consideration was agreed.

The company agreed that the consideration would be paid by way of shares as follows:

- a) 862,376 shares to be issued to the sellers three years after acquisition date.
- b) up to 2,587,124 shares to be issued only if certain market conditions are achieved.

If the acquisition of Independent Gas Management srl had been completed on the first day of the financial period there would have been no significant effect on the results as reported in the financial statements.

Independent Gas Management srl has not generated revenue since acquisition and the loss incurred at the period end is £24,272.

14. Other intangible assets (group)

Development and exploration £

Cost	
16 June 2005	-
Additions	<u>633,888</u>
30 June 2006	<u>633,888</u>
Amortisation	
16 June 2005	-
Charge for the period	<u>-</u>
30 June 2006	<u>-</u>
Carrying amount	
30 June 2006	<u>633,888</u>

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

15. Shares in subsidiary undertakings

	2006 £
Cost	
16 June 2005	-
Additions in period	<u>2,052,086</u>
30 June 2006	<u>2,052,086</u>

Details of the subsidiaries, all of which have a 30 September year end, are as follows:

Subsidiary	Class of share	% Owned	Country of registration
Independent Energy Solutions srl	Ordinary	100%	Italy
Independent Gas Management srl	Ordinary	100%	Italy
Independent Resources (Ksar Hadada) Limited	Ordinary	100%	England & Wales

16. Trade and other receivables

	2006 Group £	Company £
Other receivables	79,807	19,365
Amounts owing by subsidiary undertakings	-	930,884
Prepayments	<u>30,377</u>	<u>22,432</u>
	<u>110,184</u>	<u>972,681</u>

Other receivables in the group and the company principally comprise recoverable Value Added Tax.

The directors consider that the carrying amount of trade and other receivables approximated their fair value.

17. Cash and cash equivalents

	2006 Group £	Company £
Bank balances	367,130	339,693
Call deposits	<u>4,700,000</u>	<u>4,700,000</u>
Cash and cash equivalents	<u>5,067,130</u>	<u>5,039,693</u>

A charge over bank balances has been registered, for securing all monies due or becoming due from the company to its bankers.

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

Credit risk

The group's principal financial assets are bank balances and cash and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

18. Trade and other payables

	2006	
	Group £	Company £
Trade payables	66,681	57,189
Amounts owing to subsidiary undertakings	-	1
Other taxation and social security	15,823	9,461
Accruals	<u>37,317</u>	<u>36,182</u>
	<u>119,821</u>	<u>102,833</u>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade and other payables approximated their fair value.

19. Share capital

	2006	
	Group £	Company £
Authorised		
80,000,000 ordinary shares of 1p	<u>800,000</u>	<u>800,000</u>
Issued, called up and fully paid		
33,433,333 ordinary shares of 1p	<u>334,333</u>	<u>334,333</u>

During the period 33,433,333 ordinary shares were issued.

The holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company.

20. Share premium account

	2006	
	Group £	Company £
16 June 2005	-	-
Premium arising on issue of equity shares	6,932,637	6,932,637
Transaction costs	<u>(1,088,809)</u>	<u>(1,088,809)</u>
30 June 2006	<u>5,843,828</u>	<u>5,843,828</u>

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

21. Statement of changes in equity

Group	Profit and loss reserve £	Share capital £	Share premium £	Shares to be issued £	Share option reserve £	Exchange difference on investment £	Total £
16 June 2005	-	-	-	-	-	-	-
Loss for the period	(454,691)	-	-	-	-	-	(454,691)
New shares issued	-	334,333	6,932,637	2,041,815	-	-	9,308,785
Transaction costs	-	-	(1,088,809)	-	-	-	(1,088,809)
Share based payments	-	-	-	-	75,802	-	75,802
Exchange difference on investment	-	-	-	-	-	(1,297)	(1,297)
30 June 2006	(454,691)	334,333	5,843,828	2,041,815	75,802	(1,297)	7,839,790

Company	Profit and loss reserve £	Share capital £	Share premium £	Shares to be issued £	Share option reserve £	Exchange difference on investment £	Total £
16 June 2005	-	-	-	-	-	-	-
Loss for the period	(326,147)	-	-	-	-	-	(326,147)
New shares issued	-	334,333	6,932,637	2,041,815	-	-	9,308,785
Transaction costs	-	-	(1,088,809)	-	-	-	(1,088,809)
Share based payments	-	-	-	-	75,802	-	75,802
30 June 2006	(326,147)	334,333	5,843,828	2,041,815	75,802	-	7,969,631

Share premium reserve represents the amounts subscribed for share capital in excess of the nominal value of the shares issued, net of cost of issue.

Share options reserve represents the cumulative fair value of share options granted.

Foreign currency translation reserve represents gains and/or losses arising on the retranslation of net assets of overseas operations

Profit and loss account represents the cumulative net gains and losses recognised in the consolidated income statement.

22. Share based payments

The share option scheme, which was adopted by the company on 25 November 2005, has been established to reward and incentivise the executive management team for delivering share price growth. The share option scheme will be administered by the remuneration committee.

It is intended that the options to be granted to any executive director of the company will be made subject to testing performance criteria. For the initial tranche of options granted to the executive directors, the performance criteria will require the company's share price to increase by at least 30 per cent compound per annum over a three-year performance period to become exercisable in full (with the initial performance period being measured from the date of Admission). For the initial tranche of options, share price performance will be measured taking the Placing Price as the starting point.

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

22. Share based payments (continued)

The performance criteria will permit retesting for an additional two years if the 30 per cent hurdle is not achieved after three years.

Details of the share options outstanding during the year are as follows:

Date of grant	16/06/2005 Number of shares	Issued in the year	30/06/2006 Number of shares	Date from which options may be first exercised	Lapse date	Price per shares
25/11/2005	-	1,855,500	1,855,500	25/11/2008	25/11/2015	60p

The options outstanding at the end of the year have a weighted average remaining contractual life of 9.5 years.

These fair values were calculated using the Black-Scholes option pricing model. The inputs into the model were as follows:

Weighted average share price	65p
Weighted average exercise price	60p
Expected volatility	30%
Expected life	5 years
Risk free rate	4.53%
Expected dividend yield	nil

The expected volatility was determined with reference to the industry volatility. This is because the company does not have historical volatility as it was admitted for trading on AIM in December 2005. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The group recognised total expenses of £75,802 related to equity-settled, share-based payment transactions during the year.

23. Financial commitments

The group leases all of its properties. The terms of property leases vary from country to country, although they all tend to be tenant repairing with rent reviews every 5 to 6 years and many have break clauses.

The total future of minimum lease payments are due as follows:

	2006 £
Not later than one year	35,726
Later than one year and not later than five years	110,886
Later than five years	<u>33,220</u>
	<u>179,832</u>

The group has also paid a deposit of €66,000 for the acquisition of a land in Italy. The remaining amount payable on the land, within one year, is circa €264,000.

Independent Resources plc

Notes to the financial statements

Period ended 30 June 2006

24. Related party transactions

Transactions between the company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related parties are disclosed below.

Trading transactions

During the year, group entities entered into trading transactions with related parties that are not members of the group. The parties involved and the principal transactions are as detailed in note 4. In addition to these transactions, incidental expenses incurred by the related parties have been recharged at cost.

Compensation of key management personnel

Details of compensation of key management personnel can be found in note 4.

25. Non-cash transactions

During the period, the group acquired Independent Gas Management srl for a consideration of £2,041,815. This is the only major non-cash transaction.