

**Lapp Plats Plc**  
**Annual Report and**  
**Consolidated Financial Statements**  
**for the year ended 31 December 2006**

# **Lapp Plats Plc**

## **Annual Report and Consolidated Financial Statements**

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# Lapp Plats Plc

## Officers and Professional Advisers

<b>Directors</b>	Thomas O’Gorman – Non-Executive Chairman Michael Nolan – Executive Director Brian Barrett – Finance Director Alec Banyard – Non-Executive Director Paul Sweeney – Non-Executive Director
<b>Registered Office</b>	17 Hampstead Gardens Hockley Essex SS5 5HN United Kingdom
<b>Secretary</b>	Brian Barrett FCA
<b>Auditors</b>	LHM Casey McGrath Chartered Certified Accountants & Registered Auditors 6 Northbrook Road Dublin 6 Ireland
<b>Business Address</b>	22 Grafton Street, London W1S 4EX United Kingdom
<b>Corporate Advisers</b>	Davy Corporate Finance Limited Dawson Street Dublin 2 Ireland
<b>Bankers</b>	Bank of Ireland Bank House 7 St Johns Road Harrow Middlesex HA1 2EE United Kingdom
<b>Solicitors</b>	Matheson Ormsby & Prentice 70 Sir John Rogerson’s Quay Dublin 2 Ireland
<b>Registered Number</b>	4994974
<b>Date of Incorporation</b>	15 December 2003

# Lapp Plats Plc

## Chairman's Report

I am pleased to present the Annual Report of Lapp Plats plc ("Lapp Plats" or the "Company") for the year to 31st December 2006.

The period under review saw continued strength in the resource sector and we are confident that this strength will prevail for the foreseeable future. There is a continued interest coming into the resource sector as the market comes to understand the risks and rewards of our business and also as the macro-economic background of the current boom gets a more widespread audience. The booming economies of China and India in particular, allied to the growth in Brazil and Russia and other developing countries have added unprecedented demand for all commodities.

It is also well understood that lack of investment in exploration in the 1990's and the early years of this current century have contributed to a low rate of new project discovery across all sectors, although the spike in commodity prices has allowed previously sub-economic projects to be re-evaluated and developed in the current higher commodity price environment.

In Lapp Plats we are positioned to take advantage of the opportunities available in the mineral and oil and gas sectors through being well funded and ready to take advantage of appropriate investment opportunities that we evaluate can supply significant returns to our shareholders. This strategy has required patience to ensure that following detailed due diligence only projects with superior prospects are pursued and although a number of opportunities fell into this category in the year under review we declined the opportunity to invest at the present time.

We are continuing negotiations at present on a number of specific oil and gas projects and we are confident that we can add to our existing Swedish mining exploration opportunities in the near future.

In Sweden we are working to rationalise our 25,000 hectare ground holdings and to prioritise our portfolio ahead of a licence renewal programme in August 2007. Based on the work completed to date we will prioritise the portfolio and reduce our landholdings.

Together with prospective joint venture partners we are evaluating a Winter 2007 exploration programme over the Cabra I and Cabra II licence areas including the award of a possible contract for ground geophysics to assist in identifying mineral anomalies and drill targets for Nickel and Platinum Group Elements.

In addition we plan to work with these joint venture partners to assess the prospectivity for Uranium with our licence blocks in advance of the licence renewals in August 2007. Sweden has seen a major revival in Uranium exploration led by a number of Canadian public companies. The exploration activity in Sweden has ratcheted up considerably in recent years with renewed interest in all mineral areas.

### Financial Results

The net loss for the year before tax amounted to £17,983 (2005 loss £145,068). This loss included the administrative costs of keeping the company in good standing on both the AIM and IEX markets. In addition some costs were incurred in investigating new opportunities and also in maintaining the Company's exploration concessions in Sweden.

Net interest received increased to £16,560 compared to £5,619 in the previous period.

### Corporate Developments

I am pleased that we were in a position in September 2006 to complete a fund raising of £1.26million by way of an oversubscribed placing of 8,366,667 new ordinary shares at a placing price of Stg15p per Ordinary Share. These additional funds allow the Company the flexibility to secure an appropriate financial position in a resource project or opportunity without immediate recourse to shareholders.

I would like to thank my fellow Directors for their support during my period in office since September 2006 and to especially thank Alec Banyard for his service since 2003 and to wish him well in his retirement.

### Accounts

The Annual Report and Financial Statements for the year to 31 December 2006 will be posted to shareholders on 29th June 2007, and copies can be obtained, free of charge from the Company's offices at 22 Grafton Street, London W1S 4EX. The Annual General Meeting will be held at Jury's Kensington Hotel at 12 noon on 1st August 2007.

### Thomas P O'Gorman

Chairman

26th June 2007

# Lapp Plats Plc

## Directors' Report

The directors submit their annual report, together with the audited consolidated financial statements for the year to 31 December 2006.

### Principal Activities

Lapp Plats plc (the "Company") is a holding company which owns 100% of the share capital of Lapp Plats AB a Swedish registered company (together the "Group"). The primary activity of the Group is mineral exploration, with a focus on exploring for nickel and platinum group metals in Sweden, Norway and Finland.

### Business Review

The Group maintained its exploration ground holdings in Sweden during 2006 and also investigated a number of new opportunities in minerals and oil and gas in a number of locations worldwide.

### Results and Dividends

The loss for the year after providing for depreciation and taxation amounted to £17,983. This loss represents corporate expenses charged to the profit and loss account in the year including goodwill amortisation, and net of foreign exchange gains and interest receivable. Included are the administrative costs of keeping the company in good standing on both the AIM and IEX markets. In addition some costs were incurred in maintaining the Company's exploration concessions in Sweden.

Net interest received increased to £16,560 compared to £5,619 in the previous period.

The Directors do not recommend payment of a dividend.

### Post Balance Sheet Events

There have been no material post balance sheet events.

### Directors' Interests

The interests (all of which were beneficially held) of the directors, their spouses and minor children in the share capital of the Company and its subsidiary, are as follows:

	Ordinary Shares of £0.01 each at 26/06/2007	Ordinary Shares of £0.01 each at 31/12/2006	Ordinary Shares of £0.01 each at 31/12/2005	Ordinary Shares of £0.01 each at 26/06/2007	Ordinary Shares of £0.01 each at 31/12/2006	Ordinary Shares of £0.01 each at 31/12/2005	Option Exercise Price
<b>Directors</b>							
Michael Nolan*	500,000	500,000	Nil	160,000	160,000	160,000	£0.05
Alec Banyard	Nil	Nil	Nil	35,000	35,000	35,000	£0.05
Brian Barrett**	Nil	Nil	Nil	80,000	80,000	80,000	£0.05
Thomas O'Gorman	3,737,166	3,737,166	3,737,166	Nil	Nil	Nil	
Paul Sweeney	2,238,833	2,238,833	100,000	Nil	Nil	Nil	

The expiry date of the options is 23 January 2014.

There were no changes in Directors' share interests between 31 December 2006 and the date of signing the financial statements and all such interests were beneficially held (see explanatory notes below).

\* The shares and share options of Michael Nolan are held through JS Consult Limited Pension Fund, whose sole beneficiary is Michael Nolan.

\*\* The share options of Brian Barrett are vested in the name of Brian Barrett Alimentary Health Limited Pension Trust. The sole beneficiary of this Pension Trust is Brian Barrett.

# Lapp Plats Plc

## Directors' Report (continued)

### Directors and Secretary

The present directors and secretary are listed on page 3. During the year and up to the date of this report the following changes occurred:

On 25 September 2006, Thomas O'Gorman and Paul Sweeney were appointed to the Board. In accordance with the Articles of Association, Brian Barrett retires by rotation and being eligible offers himself for re-election.

Thomas O'Gorman and Paul Sweeney having been appointed by the Board during 2006 also offer themselves for election.

Alec Banyard is retiring from the Board and will not be seeking re-election.

### Substantial Shareholdings

	26 June 2007	31 Dec 2006	31 Dec 2005
	%	%	%
Handsel Limited	16.50	16.50	27.61
Thomas & Philomena O'Gorman	16.78	16.78	28.08
Pyarali Lalji Mamdani	–	–	3.63
Paul Sweeney	10.05	10.05	–
Pershing International Nominees Limited	6.54	6.54	–
David Johnson	6.11	6.11	–
Margaret Keegan	4.09	4.09	–
Rebecca Thompson	3.34	3.34	–
Chase Nominees Limited	3.06	3.06	–

### Future Developments

The Company will advance the projects in its portfolio through direct exploration and through joint venture. In addition the Company will pursue other projects in the mineral and oil and gas sectors.

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and Financial Statements in accordance with applicable United Kingdom law and Generally Accepted Accounting Practice in United Kingdom including the accounting standards issued by the Accounting Standards Board.

United Kingdom law requires the directors to prepare financial statements for each financial period 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 those financial statements, the directors are required to:

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

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in the United Kingdom and comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Lapp Plats Plc**

## **Directors' Report (continued)**

### **Auditors**

The auditors of the Group LHM Casey McGrath, Chartered Certified Accountants & Registered Auditors have indicated their willingness to remain in office.

Signed on behalf of the Board:

**Michael Nolan**  
Director  
26th June 2007

**Brian Barrett**  
Director

# Lapp Plats Plc

## Independent Auditors' Report to the Shareholders of Lapp Plats Plc

We have audited the Group and Parent Company financial statements of Lapp Plats Plc for the year ended 31 December 2006 which comprise the consolidated profit and loss account, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on page 14.

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 that we are required to state to them in the 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 or 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 Company's Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities on page 6.

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, in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, proper books of account have been kept by the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We report to the shareholders if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not given and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Chairman's 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 judgements made by the Directors in the preparation of the financial statements, and 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.

### **Intangible Assets**

In forming our opinion, we have considered the adequacy of the disclosures made in Note 7 to the financial statements in relation to the Directors' assessment of the carrying value of the Group's intangible assets, amounting to £218,859.

Our opinion is not qualified in this respect.

# Lapp Plats Plc

## **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group and Parent Company's affairs as at the 31 December 2006 and of its loss and cash flow for the year then ended;
- have been properly prepared in accordance with the Companies Acts 1985 and all regulations to be construed as one with those acts.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Group. The financial statements are in agreement with the books of account. In our opinion the information given in the Directors' Report and Chairman's Report is consistent with the financial statements.

## **LHM Casey McGrath**

Chartered Certified Accountants & Registered Auditors  
6 Northbrook Road  
Dublin 6  
Ireland

26th June 2007

# Lapp Plats Plc

## Consolidated Profit and Loss Account for the year ended 31 December 2006

	<i>Notes</i>	2006 £	2005 £
Administrative Expenses		<u>(34,543)</u>	<u>(150,687)</u>
<b>Operating loss</b>		<b>(34,543)</b>	<b>(150,687)</b>
Interest receivable and similar income	3	<u>16,560</u>	<u>5,619</u>
<b>Loss for the year</b>	6	<b><u>(17,983)</u></b>	<b><u>(145,068)</u></b>
<b>Loss per share:</b>			
Basic		<b>(0.0012)</b>	(0.011)
Diluted		<b>(0.0011)</b>	(0.011)

There are no recognised gains or losses other than those included above. All gains and losses arise from continuing activities.

The financial statements were approved by the Board of Directors on 26th June 2007 and signed on its behalf by:

**Michael Nolan**  
Director

**Brian Barrett**  
Director

Date: 26th June 2007

# Lapp Plats Plc

## Consolidated Balance Sheet as at 31 December 2006

	<i>Notes</i>	2006 £	2005 £
<b>Fixed Assets</b>			
Intangible fixed assets	7	275,963	275,859
Tangible fixed assets	8	1,047	1,440
		<u>277,010</u>	<u>277,299</u>
<b>Current Assets</b>			
Debtors	9	20,430	7,511
Cash at bank and in hand		1,267,106	57,111
		<u>1,287,536</u>	<u>64,622</u>
<b>Creditors: amounts falling due within one year</b>	10	<b>(18,266)</b>	<b>(9,189)</b>
		<u>1,269,270</u>	<u>55,433</u>
<b>Net Current Assets</b>		<b>1,269,270</b>	<b>55,433</b>
<b>Total Assets less Current Liabilities</b>		<b>1,546,280</b>	<b>332,732</b>
		<u><u>1,546,280</u></u>	<u><u>332,732</u></u>
<b>Represented by:</b>			
<b>Capital and Reserves</b>			
Called-up share capital	11	222,683	133,083
Share premium	12	1,500,823	358,892
Profit and loss account	12	(177,226)	(159,243)
		<u>1,546,280</u>	<u>332,732</u>
<b>Shareholders' Funds – Equity</b>	13	<b>1,546,280</b>	<b>332,732</b>
		<u><u>1,546,280</u></u>	<u><u>332,732</u></u>

The financial statements were approved by the Board of Directors on 26th June 2007 and signed on its behalf by:

**Michael Nolan**  
Director

**Brian Barrett**  
Director

Date: 26th June 2007

# Lapp Plats Plc

## Company Balance Sheet as at 31 December 2006

	<i>Notes</i>	2006 £	2005 £
<b>Fixed Assets</b>			
Investments	7	85,948	85,948
		<u>85,948</u>	<u>85,948</u>
<b>Current Assets</b>			
Debtors	9	238,519	222,359
Cash at bank and in hand		1,263,429	50,835
		<u>1,501,948</u>	<u>273,194</u>
<b>Creditors: amounts falling due within one year</b>	10	<b>(15,650)</b>	<b>(8,405)</b>
		<u>1,486,298</u>	<u>264,789</u>
<b>Net Current Assets</b>		<b>1,486,298</b>	<b>264,789</b>
<b>Total Assets less Current Liabilities</b>		<b>1,572,246</b>	<b>350,737</b>
		<u><u>1,572,246</u></u>	<u><u>350,737</u></u>
<b>Capital and Reserves</b>			
Called-up share capital	11	222,683	133,083
Share premium	12	1,500,823	358,892
Profit and loss account	12	(151,260)	(141,238)
		<u>1,572,246</u>	<u>350,737</u>
<b>Equity Shareholders' Funds</b>	13	<b>1,572,246</b>	<b>350,737</b>
		<u><u>1,572,246</u></u>	<u><u>350,737</u></u>

The financial statements were approved by the Board of Directors on the 26th June 2007 and signed on its behalf by:

**Michael Nolan**  
Director

**Brian Barrett**  
Director

Date: 26th June 2007

# Lapp Plats Plc

## Consolidated Cash Flow Statement for the year ended 31 December 2006

	<i>Notes</i>	2006 £	2005 £
<b>Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities</b>			
Operating loss before interest		(34,543)	(150,687)
Add back good will amortisation		3,359	3,359
Loss on disposal of fixed assets		–	2,835
Depreciation		393	
Decrease/(Increase) in debtors		(12,919)	18,061
(Decrease)/Increase in creditors		9,077	(22,200)
		<hr/>	<hr/>
Net cash outflow from operating activities		(34,633)	(148,632)
		<hr/> <hr/>	<hr/> <hr/>
<b>Cashflow Statement</b>			
Net cash outflow from operating activities		(34,633)	(148,632)
Returns on investments and servicing of finance	16	16,560	5,619
Net Capital Expenditure	16	(3,463)	197
		<hr/>	<hr/>
		(21,536)	(142,816)
<b>Financing</b>			
Issue of ordinary share capital	16	1,231,531	23,750
		<hr/>	<hr/>
<b>Increase/(Decrease) in Cash in the Period</b>		1,209,995	(119,066)
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net debt			
<b>Net funds at 1 January</b>		57,111	176,177
Increase/(Decrease) in Cash in the Period		1,209,995	(119,066)
		<hr/>	<hr/>
<b>Net Funds at 31 December</b>		1,267,106	57,111
		<hr/> <hr/>	<hr/> <hr/>

# Lapp Plats Plc

## Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

### Accounting Convention

The financial statements are prepared in accordance with generally accepted accounting principles, under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board and are denominated in Pounds Sterling (£).

### Intangible Fixed Assets and Amortisation

#### Development Costs and Exploration Costs

Development costs are capitalised until the results of the development is known. Related overheads such as general and administrative expenses are also capitalised to the extent it is considered that they can be recovered against future revenue. Amortisation will be provided over a period from commencement of commercial revenue generation. If a project is judged to be unsuccessful, the costs associated with the project are written off immediately.

### Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

### Tangible Fixed Assets and Depreciation

Tangible Fixed Assets are stated at cost or valuation, less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Office Equipment – 20 % Straight line

### Taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profit for the year.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when the timing differences reverse. Tax rates used to calculate deferred tax are based on tax rates and law enacted or substantively enacted by the balance sheet date. The Company does not recognise deferred tax assets

### Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at contract rates where the amounts payable or receivable are covered by forward contracts. Other monetary assets and liabilities are translated into pounds sterling at rates of exchange ruling at the balance sheet date. Exchange gains and losses are dealt with in the profit and loss account.

### Share Based Payments

Equity-settled share-based payments to Directors, employees and others providing similar services are measured at fair value of the equity instrument at the grant date in accordance with FRS 20 "Share Based Payments". Fair value is measured by use of a binomial model as outlined in Note 18. The fair value is either expensed to the profit and loss account or capitalised where appropriate over the vesting period of the share options. A corresponding amount is transferred to the profit and loss account reserve.

### Going Concern

The directors have considered the Company's financial position and believe that it is appropriate for the going concern basis to be adopted in preparing these financial statements.

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements for the year ended 31 December 2006

### 1. Going Concern

The financial statements are prepared under the assumption that the Group is a going concern on the basis that the Directors are satisfied that further funding, primarily through share placings, will be available to bring its projects to production.

### 2. Operating loss

	2006	2005
	£	£
<b>Operating loss</b> is stated after charging/(crediting):		
Amortisation of goodwill	3,359	3,359
Auditors Remuneration	7,686	5,000
Loss on disposal of fixed assets	–	2,835
Depreciation	393	–
(Profit)/Loss on foreign currencies	(3,504)	15,470
	<u>          </u>	<u>          </u>

### 3. Interest receivable and similar income

	2006	2005
	£	£
Bank Interest	16,560	5,619
	<u>          </u>	<u>          </u>

### 4. Taxation

There is no charge to current corporation tax for the year.

### 5. Directors' emoluments

	2006	2005
	£	£
Remuneration and other emoluments	4,275	12,515
	<u>          </u>	<u>          </u>

### 6. (Loss) per Share

	2006	2005
	£	£
(Loss) per share	(0.0012)	(0.011)
(Loss) per share-diluted	(0.0011)	(0.011)

The loss per share and the basic loss per share have been calculated on a loss after taxation of £17,983 (2005: loss £145,068) and a weighted average number of Ordinary Shares in issue for the period of 15,548,334 (2005:13,162,581)

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements (continued)

### 7. Intangible Fixed Assets

	Development Costs £	Goodwill £	Total £
<b>Cost</b>			
At 31 December 2005	215,396	67,181	282,577
Additions	3,463	–	3,463
	<hr/>	<hr/>	<hr/>
At 31 December 2006	218,859	67,181	286,040
	<hr/>	<hr/>	<hr/>
<b>Provision for Diminution in Value</b>			
At 31 December 2005	–	(6,718)	(6,718)
Charge for period	–	(3,359)	(3,359)
	<hr/>	<hr/>	<hr/>
At 31 December 2005	–	(10,077)	(10,077)
	<hr/>	<hr/>	<hr/>
<b>Net book values</b>			
31 December 2006	218,859	57,104	275,963
	<hr/>	<hr/>	<hr/>
31 December 2005	215,396	60,463	275,859
	<hr/>	<hr/>	<hr/>

The goodwill arises on the acquisition of a subsidiary. The only subsidiary of the company is as follows:

Subsidiary	Activity	Registered Office and Country of Incorporation	Percentage Ownership
Lapp Plats AB	Nickel & Platinum Exploration	SE-934 94 Kage Sweden	100%

### Company investments

	Subsidiary Undertakings Shares £	Total £
<b>Cost</b>		
At 31 December 2005	85,948	85,948
Additions	–	–
	<hr/>	<hr/>
At 31 December 2006	85,948	85,948
	<hr/>	<hr/>
<b>Net Book Values</b>		
At 31 December 2006	85,948	85,948
	<hr/>	<hr/>
At 31 December 2005	85,948	85,948
	<hr/>	<hr/>

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements (continued)

### 8 Tangible Fixed Assets

Group	Office Equipment £	Total £
<b>Cost</b>		
At 31 December 2005	2,201	2,201
Disposals	–	–
At 31 December 2006	<u>2,201</u>	<u>2,201</u>
<b>Depreciation</b>		
At 31 December 2005	(761)	(761)
Charged in period	(393)	(393)
Disposals	–	–
At 31 December 2006	<u>(1,154)</u>	<u>(1,154)</u>
<b>Net book values</b>		
At 31 December 2006	<u>1,047</u>	<u>1,047</u>
At 31 December 2005	<u>1,440</u>	<u>1,440</u>

### 9 Debtors

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Amounts falling due within one year:				
Amounts owed by group undertakings	–	–	220,414	216,910
Other debtors	20,430	7,511	18,105	5,449
	<u>20,430</u>	<u>7,511</u>	<u>238,519</u>	<u>222,359</u>

### 10 Creditors: Amounts falling due within one year:

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
Trade Creditors and accruals	18,266	9,189	15,650	8,405
	<u>18,266</u>	<u>9,189</u>	<u>15,650</u>	<u>8,405</u>

### 11 Share Capital

	2006 £	2005 £
<b>Group &amp; Company</b>		
<b>Authorised:</b>		
100,000,000 Ordinary shares of 1p each	<u>1,000,000</u>	<u>1,000,000</u>

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements (continued)

### Allotted, called-up and fully paid equity:

	2006 No.	2006 £	2005 No.	2005 £
Ordinary shares of 1p each				
At 1 January	13,308,334	133,083	12,833,334	128,333
Shares issued	8,960,000	89,600	475,000	4,750
	<u>22,268,334</u>	<u>222,683</u>	<u>13,308,334</u>	<u>133,083</u>
At 31 December	<u>22,268,334</u>	<u>222,683</u>	<u>13,308,334</u>	<u>133,083</u>

On 22nd September 2006, the company issued 8,960,000 ordinary shares of 1p at a price of 15p.

### 12. Equity Reserves

Group	Share premium account £	Profit and loss account £
At 31 December 2005	358,892	(159,243)
Equity share issue	1,254,400	–
Equity share issue expenses	(112,469)	–
Loss for the financial period	–	(17,983)
	<u>1,500,823</u>	<u>(177,226)</u>
At 31 December 2006	<u>1,500,823</u>	<u>(177,226)</u>
	<u>1,500,823</u>	<u>(177,226)</u>
Company	Share premium account £	Profit and loss account £
At 31 December 2005	358,892	(141,238)
Equity share issue	1,254,400	–
Equity share issue expenses	(112,469)	–
Loss for the financial period	–	(10,022)
	<u>1,500,823</u>	<u>(151,260)</u>
At 31 December 2006	<u>1,500,823</u>	<u>(151,260)</u>
	<u>1,500,823</u>	<u>(151,260)</u>

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements (continued)

### 13. Reconciliation of Movements in Shareholders' Funds

#### Group

	2006 £	2005 £
Loss on ordinary activities before taxation for the year	(17,983)	(145,068)
Net proceeds of equity share issue	1,231,531	23,750
Net increase (decrease) in shareholders' funds	1,213,548	(121,318)
Opening shareholders' funds	332,732	457,392
Closing shareholders' funds	1,546,280	332,732

#### Company

	2006 £	2005 £
Loss on ordinary activities before taxation for the year	(10,023)	(130,405)
Net proceeds of equity share issue	1,231,531	23,750
Net increase/(decrease) in shareholders' funds	1,221,508	(106,655)
Opening shareholders' funds	350,738	457,392
Closing shareholders' funds	1,572,246	350,737

### 14. Capital Commitments

There were no capital commitments at 31 December 2006.

### 15. Related Party Transactions

The Company has availed of the exemption available under Financial Reporting Standard 8 from the requirement to disclose intra-group related party transactions.

- (a) JS Consult Limited, a company in which Michael Nolan is a Director and shareholder has provided corporate finance services to the Company amounting to £75,000 during the year. There were no amounts outstanding at 31 December 2006.
- (b) Minmet plc, a company in which Michael Nolan is a Director and shareholder has provided office facilities to the Company at a cost of £2,500 during the year. In total £4,054 was outstanding at 31 December 2006.

# Lapp Plats Plc

## Notes to the Consolidated Financial Statements (continued)

### 16. Gross Cash Flows

	2006 £	2005 £
<b>Returns on investments and servicing of finance</b>		
Interest received	16,560	5,619
<b>Capital expenditure</b>		
Payments to acquire intangible assets	(3,463)	(10,325)
Disposal (acquisition) of tangible assets	–	10,521
	(3,463)	197
<b>Financing</b>		
Issue of ordinary share capital	1,231,531	23,750
	1,231,531	23,750

### 17. Analysis of Changes in Net Funds

	1 January 2006 £	Cash flow £	31 December 2006 £
Cash at bank and in hand	57,111	1,209,995	1,267,106

### 18. Share Based Payments

Under the share option scheme of the Group, employees and others providing similar services can receive conditional awards of share options depending on their performance, seniority and length of service.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2006 Number	2006 WAEP
At 1 January	275,000	£0.05
Granted during the year	–	–
Exercised during the year	–	–
Exercisable and outstanding at 31 December	275,000	£0.05

The principal inputs to the options valuations model were:

Risk free interest rate	5.5% p.a.
Expected volatility	52% p.a.
Employee turnover	3% p.a.
Dividend yield	0% p.a.

During the year, the company recognised a total expense of Nil (2005: Nil) in respect of share based payments.

### 19. Approval of Financial Statements

The financial statements were approved by the Board on 26th June 2007.

# Lapp Plats Plc

## Notice of Annual General Meeting (The “Company”)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of LAPP PLATS PLC will be held on Wednesday 1 August 2007 at 12.00 noon in the Drayton Suite, Jury’s Kensington Hotel, 109/113 Queensgate, London 5LR when the following business will be transacted:

### ORDINARY BUSINESS

1. To read the Notice convening the Meeting.
2. To receive and if thought fit, to adopt the Report of the Directors and the Statement of Accounts for the year ended 31 December 2006 with the Auditors’ Report thereon.
3. To re-appoint LHM Casey McGrath as Auditors of the Company to hold office until the conclusion of the next General Meeting of the Company at which accounts are laid before the Company and to authorise the Directors to fix the remuneration of the Auditors.
4. To re-elect Brian Barrett, Thomas O’Gorman and Paul Sweeney as Directors.
5. To transact any other ordinary business of the Company.

### SPECIAL BUSINESS

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That pursuant to Article 5 of the Company’s Articles of Association, the Directors be and are hereby authorised, generally and unconditionally for the purposes of section 80 of the Companies Act 1985 (‘the Act’), to allot relevant securities (as defined in section 80(2) of the Act) for cash or money’s worth in accordance with the provisions of the Act, up to the amount of authorised but yet unissued share capital, to the exclusion of and in substitution for any other such authority previously granted to them, provided that this authority shall expire on the earlier of the date of the next Annual General Meeting after the passing of this resolution and the close of business on 1 November 2008 save that the Company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired.”

7. To consider and, if thought fit, pass the following resolution as a special resolution:

“That the Directors be and are hereby empowered, pursuant to section 95 of the Companies Act 1985 (‘the Act’), for the period commencing on the date of passing of this resolution and expiring on the earlier of the date of the next Annual General Meeting after the passing of this resolution and the close of business on 1 November 2008, and at any time thereafter pursuant to any offer, agreement or other arrangement made by the Company before the expiry of this power, to the exclusion of and in substitution for any other such power previously granted to them, to allot out of any relevant securities (as defined in section 80(2) of the Act) equity securities (as defined in section 94(2) of the Act) which they are from time to time authorised to allot, as if section 89(1) of the Act did not apply to such allotment:

- (a) up to a limit of such a number of equity securities as is the equivalent of 70% of the entire issued share capital of the Company immediately before such allotment; and
- (b) in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) to holders of equity securities (as so defined) in proportion as nearly as may be to their respective holdings of such securities or in accordance with the rights attaching thereto (but with such exclusions or other arrangements as the Directors may deem

# Lapp Plats Plc

necessary or expedient to deal with fractional entitlements, record dates or other legal or practical problems under the laws of, or other requirements of, any recognised regulatory body or any stock exchange in any territory or as regards shares held by an approved depository or in issue in uncertificated form).”

8. To consider and, if thought fit, pass the following resolution as a special resolution:

“That the Articles of Association attached to this Notice, for the purposes of identification marked “A”, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association”

Dated 27 June 2007

By Order of the Board  
Brian Barrett  
Company Secretary

Registered Office  
17 Hampstead Gardens  
Hockley, Essex SS5 5HN,  
United Kingdom  
Registered Number: 4994974

**Note:** A member entitled to attend this vote at the above mentioned meeting is entitled to appoint a proxy to attend and on a poll, vote in their stead. To be effective the form of proxy must be received at the office of the Company’s Registrars, Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland, not later than 12.00 noon on Monday 30 July 2007. A proxy need not be a member of Company.

# Lapp Plats Plc

## Form of Proxy

Shareholders may vote by proxy by returning this form duly completed to Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland, to arrive no later than 12.00 noon on the 30 July 2007. Before completing this form, please see the explanatory notes below.

I/We want the following person (called a 'proxy') to vote on my/our behalf. (The proxy need not be a member of the Company).

(Please place a mark in one box only to indicate your choice).

The chairman of the meeting: *(Please leave this box blank if you are selecting someone other than the chairman).*

The Chairman of the meeting

OR

The following person:

*Please leave this box blank if you have selected the chairman. Do not insert your own name(s).*

To attend and vote on my/our behalf at the annual general meeting of Lapp Plats Plc to be held on 1 August 2007 and at any adjournment of the meeting. I/We would like My/Our proxy to vote on the resolutions proposed at the meeting as indicated on this form. Unless otherwise instructed, the proxy may vote as he or she sees fit or abstain in relation to any business of the meeting.

Signature ..... Date .....

*In the case of joint shareholders any one joint holder may sign*

Name: .....

Address: .....

.....

Resolutions	For	Against	Vote withheld
1. To read notice convening meeting			
2. To adopt the 2006 Directors' Report and Consolidated Financial Statements.			
3. To re-appoint LHM Casey McGrath as Auditors of the Company and to authorise the Directors to fix the remuneration of the Auditors.			
4. To re-elect (a) Brian Barrett, (b) Thomas O'Gorman and (c) Paul Sweeney as Directors.	(a) (b) (c)	(a) (b) (c)	(a) (b) (c)
5. To transact any other ordinary business of the Company.			
6. To authorise the Directors to allot securities for cash or money's worth			
7. To empower the Directors pursuant to S.95 C.A 1985 ("the Act") to allot equity securities which they are authorised to allot as if S.89(1) of the Act did not apply to such allotment: (a) up to a limit equivalent to 70% issued share capital before allotment; and (b) in connection with a rights issue to holders of equity securities.			
8. To approve and adopt the new Articles of Association attached to the Notice of Annual General Meeting as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association.			

### Notes:

- 1 A member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote instead of him.
- 2 The form of the proxy must be executed under the hand of the appointer or his attorney duly authorised in writing or if the appointer is the body corporate either under the seal or under the hand of an officer or a attorney duly authorised. A proxy need not be a member of the company.
- 3 To be effective, the form of proxy and the power of the attorney or other authority, if any, under which it is signed or a notarially certified copy of such a power of authority, should be deposited with Computershare Services (Ireland) Limited, PO Box 954, Dublin 18, Republic of Ireland not later than 12.00 noon on Monday 30 July 2007.
- 4 In the case of joint holders the vote of the senior of them who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register.
- 5 Completion and return of a form of proxy shall not preclude a member from attending and voting at the Meeting should he/she so wish.

Note: A member entitled to attend this vote at the above mentioned meeting is entitled to appoint a proxy to attend and on a poll, vote in their stead. To be effective the form of proxy must be received at the office of the Company's Registrars, Computershare Investor Services (Ireland) Limited, PO Box 954, Dublin 18, Ireland, not later than 12.00 noon on Monday 30 July 2007. A proxy need not be a member of Company.



Third fold and tuck in

Please  
Affix  
Stamp

First fold

**COMPUTERSHARE  
INVESTOR SERVICES (IRELAND) LIMITED  
PO Box 934  
Dublin 18  
Ireland**

Second fold