



**Petra Diamonds Limited (“Petra”, “the Company” or “the Group”)**

**Preliminary Results Announcement for the year ended 30 June 2005 (unaudited)**

**Highlights**

**Corporate:** merger with Crown Diamonds NL completed and business fully integrated; placing undertaken raising a total of £17.1 million; dual AIM and ASX listing; acquisition of Kalahari Diamonds Limited

**Angola:** Alto Cuilo – 320 hectares of kimberlitic anomalies identified; BHP Billiton elected to fund all exploration at Alto Cuilo; helimag survey undertaken with exciting results; pace of exploration increased

**Botswana:** key base established in Botswana, the world’s number one diamond producer by value, through the acquisition of Kalahari Diamonds Limited

**Sierra Leone:** 75 tonne per hour production plant to be commissioned on site during Q3 2005/6; diamond production from treatment of bulk samples expected Q3 2005/6

**South Africa:** mining income (before depreciation) of £413,732 for the month of June 2005; all mines achieve record US\$ diamond prices; strong carat sales and revenue for the 6 months to June 2005; operations on track to achieve growth orientated production and revenue targets

**Adonis Pouroulis, Chairman, said;**

“This has undoubtedly been a transformational year for Petra. We have stated a clear strategy to build Petra into a mid tier diamond mining group, offering a unique way for investors to gain exposure to a buoyant and growing diamond market. We are well on our way to achieving this objective and these results demonstrate the rapid progress we have made. Petra believes that Africa offers exciting and vibrant deal flow and we look forward to further benefiting our shareholders from this pipeline of opportunities.”

**Summary of Results**

	2005	2004
Revenue (June only, post Crown merger effective 31 May)	£1,225,292	-
Loss for the year, before impairment of goodwill *	£6,487,258	£4,219,863
Loss for the year *	£11,319,283	£4,219,863

\* Includes £3,510,106 (2004: £2,499,983) of expenditure related to development at Alto Cuilo that is not being incurred from May 2005 due to BHP Billiton’s funding at Alto Cuilo.

## **Chairman's Statement 2005**

### **Dear Shareholder,**

It is with great pleasure that I present the 2005 financial statements in what I believe has been the most important and successful year in your company's history. Petra Diamonds started off the financial year being just one of the many hopeful junior diamond explorers, and ended it by being the largest in terms of market capitalisation and diamond production listed on the AIM market.

Our objective of becoming a world class diamond mining and exploration group drew closer to reality as Petra increased in size and stature. It is a noteworthy achievement that Petra now employs just under 2,000 people in its various operations, second only to De Beers in South Africa, as an employer and producer of diamonds.

Petra is a truly pan-African diamond group with operations from Sierra Leone in the west through Angola and Botswana to South Africa in the south. It is a continent that we believe offers some of the most exciting business opportunities and one in which we feel we can be a force for good sustainable development. The 'African Renaissance' is certainly alive and well, and we are proud to be an active part of it.

The year was filled with many highlights and I think it is important to mention a few.

### **Angola**

The Alto Cuilo project lived up to expectations delivering unprecedented exploration success. The year saw BHP Billiton, our joint venture partner, committing to fund all exploration on the project concession area. This fast-tracked exploration on both alluvial and kimberlite anomalies.

The kimberlite exploration programme led to the discovery of four major kimberlitic material anomalies, all within close proximity of each other, totalling a surface area of 320 hectares. The magnitude of these discoveries is unprecedented in modern kimberlite exploration. A low level helimag survey was completed on one third of the project concession area. This has led to further new potential anomalies requiring the mobilisation of a second drill rig later this year. The coming year will also see large diameter drilling of the best 10 to 12 anomalies and the processing of the mini bulk samples obtained. The objective of this is to establish economic deposits which could lead to mine development.

Seventy seven alluvial exploration pits were prepared, all with the aim of uncovering an economic alluvial deposit. Work is in progress and we hope to be in a position to report back on these results in the near future.

The costs of drilling, bulk sampling and associated activities on Alto Cuilo to the end of April, when BHP Billiton elected to fund all expenditure, amounted to £3,510,106. Shareholders should note that, in accordance with best practice, it is our accounting policy to expense exploration expenditure in the year in which it is incurred. Therefore the Company's expenditure on Alto Cuilo to date has not been recognised in the balance sheet and hence no accounting recognition is given to the potential of this world-class exploration target.

### **Botswana**

On 7 September 2005 Petra announced that it had entered into a conditional agreement to acquire the entire issued share capital of Kalahari Diamonds Limited for a consideration to be satisfied by the issue of 16,166,529 new Petra shares. The transaction was approved by the Kalahari shareholders on 26 September 2005 and completed on 30 September 2005.

The acquisition of Kalahari Diamonds introduces Petra to Botswana, the world's largest diamond producer by value. The Kalahari ground is situated in what we believe to be a highly prospective diamond territory and the coming year will see an aggressive exploration programme aimed at the discovery of new kimberlites. Kalahari has an agreement with BHP Billiton whereby Kalahari has rights in Botswana to direct the deployment of BHP Billiton's proprietary Falcon technology and also has access to an experienced Falcon data acquisition and geophysics team.

The acquisition of Kalahari will ultimately introduce new shareholders to the Petra register including the World Bank (through the IFC) and some of the world's largest diamantaires. BHP Billiton, who owned twenty percent of Kalahari Diamonds, will also in due course become a larger shareholder in Petra.

Botswana hosts two of the world's biggest diamond mines, Orapa and Jwaneng. The acquisition of Kalahari Diamonds meets one of Petra's objectives to geographically diversify its African asset base and gives Petra the largest land holding under diamond prospecting licence in Botswana.

### **South Africa**

The successful merger with Crown Diamonds NL to form one of the largest junior diamond players was key to Petra's objective of moving from being a pure explorer to a producer. This allowed the Company to benefit from a buoyant rough diamond market that saw prices increasing for the third year running. Crown brought with it a highly experienced management team which coupled with Petra's exploration and financial expertise resulted in a fully fledged diamond group complete with its own geological, mining and engineering expertise.

We are confident that your company can further maximise efficiencies from the mining complexes leading to increased production. Although the mines in South Africa have been in production for many years it is the view of the Board and management that at least a fifteen year life remains in all these operations.

### **Sierra Leone**

Along with the three producing South African mines, Crown brought with it the exciting Mano River Resources joint venture, the Kono project in Sierra Leone. Mobilisation is underway which will see limited production from the Kono project in the first half of next year. Sierra Leone is an investor friendly and Kimberley Process certified country. We hope that this project will lead on to further developments in that country.

### **Results**

As Petra's effective date of control of the Crown mines was 1 June 2005, the results for the year reflect the results for the Petra group (pre the acquisition of Crown Diamonds NL) for the eleven months to 31 May and for the enlarged group, including one month's performance from the Crown operations acquired, to 30 June 2005.

The loss for the year, before the goodwill impairment referred to below, was £6.5m (2004: £4.2m). This loss includes £3.5m (2004: £2.5m) of expenditure related to development at Alto Cuilo that fell away from May 2005 due to BHP Billiton's funding at Alto Cuilo. The activity and associated costs at Alto Cuilo led to the significant exploration developments noted above. Petra's costs with regards to its current Angolan interests are expected to be approximately £0.25m for the 2005/6 financial year.

The goodwill impairment has arisen due to the Board taking the prudent view of restating the fixed assets acquired from the Crown merger to the preferred valuation arrived at by Snowden Mining Consultants in their reports published at the time of the merger and correspondingly the adjustment has been reflected in full in the 2005 financial year.

The results from the Crown South African production operations acquired have been consolidated into the Petra Group results for the month of June 2005 and I am pleased to report that the 'profit on mine', that is mining profit before depreciation, arising from these operations was £413,732 for the month.

### **Funding**

An institutional placing was undertaken as part of the Crown merger, which raised £17.1m (£15.3m net of placing fees and merger costs) at 85 pence per share. These funds were raised to settle deferred acquisition costs in respect of the Helam mine, develop the Sierra Leone joint venture properties, investigate new business opportunities in Southern Africa and Sierra Leone, settle various term loans, secure the outstanding Crown loan notes, settle the costs and fees related to the Crown merger and placing and provide working capital to the Group.

As at 30 June 2005 the Group had cash balances of £15.3m and, after settlement in July of the Helam mine acquisition costs, various term loans and other expenditure to date, as at 30 September the Group had cash in hand of £8.2m and other than a loan to finance the Sedibeng JV of £1.4 m, the Group was debt free.

### **Nabera**

Both Petra and Nabera continue to work with both Alexkor and the South African Government with regards to the "value added" and management fees that are due to the Nabera consortium, in which Petra is a 29.5% shareholder. Whilst the process is slow, it remains the Board's objective that the "value-added" and management fees be finalised with the Government and Alexkor in an amicable manner in the near future.

**Objectives and strategy**

Petra aims to be a world class diamond group and mid-tier producer of gemstone diamonds. This will be achieved by possessing a highly prospective exploration portfolio ensuring future growth, organically expanding the Group's production profile and by geographically diversifying the country spread.

Our strategy will therefore be to effectively explore and develop our projects in Angola, Botswana and Sierra Leone. This will be underpinned and supported by increasing production from the mines in South Africa with no significant increase in unit operating costs. In the medium term, production is planned from the kimberlite fissures in Sierra Leone. In conjunction with all of this, any new diamond projects that meet and fulfil Petra's overlying objectives will be carefully scrutinised.

The past few years have shown us that to achieve success and maximise our ability to operate on the African continent, local participation is vital and essential. To this end a strategy of carefully choosing quality partnerships will be implemented in our projects. This we believe makes commercial sense and helps ensure the long term viability and sustainability of our business.

**Social development**

I am proud to inform shareholders that at Project Alto Cuilo in north eastern Angola, we provided the adjacent village with fresh, clean running water for the first time in the village's history. A school was built which is staffed with a permanent teacher, supplied by the Angolan Government. The clinic in the camp is also staffed with a full time doctor and paramedic providing treatment not only to the employees of the project but also to family members and the general populace. We hope to be able to provide similar and other services in all the communities in which we work. We believe it is an important role of your Company to improve the lives of all the communities in which we are involved.

**Staff**

The merger with Crown resulted in many new people joining the Group and I welcome all these new members to Petra. In particular I am pleased to have added to the strength of the Board by welcoming Johan Dippenaar as Petra's Chief Executive Officer and Jim Davidson as Technical Director, giving the Board a balanced blend of mining, geological, commercial and financial expertise.

I wish to acknowledge and thank all our staff who have made this the successful year it has been. Their hard work has certainly paid off. I look forward to your continued support in what promises to be an equally exciting and challenging year ahead.

**Adonis Pouroulis**  
**30 September 2005**

**PETRA DIAMONDS LIMITED - PRELIMINARY RESULTS**  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2005**  
**(Unaudited)**

	Notes	2005 Unaudited £	2004 Audited £
<b>Revenue</b>		<b>1,225,292</b>	-
Cost of Sales	4	<b>(1,060,954)</b>	-
<b>Gross profit</b>		<b>164,338</b>	-
Other operating income		-	4,424
Exploration expenditure	5	<b>(3,799,608)</b>	(2,499,983)
Other operating expenditure	6	<b>(2,503,010)</b>	(1,478,477)
Impairment of goodwill		<b>(4,832,025)</b>	-
Financial income		<b>19,636</b>	16,099
Financial expense		<b>(333,106)</b>	(261,926)
Net financing costs	7	<b>(313,470)</b>	(245,827)
<b>Loss before tax</b>		<b>(11,283,775)</b>	(4,219,863)
Income tax expense		<b>(35,508)</b>	-
<b>Loss for the year</b>		<b>(11,319,283)</b>	(4,219,863)
Basic and diluted loss per share – pence	8	<b>(15.31)</b>	(7.45)

The Group's income and expenses all relate to continuing operations in the current and previous year.

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	2005 £	2004 £
Loss for the year	<b>(11,319,283)</b>	(4,219,863)
Exchange adjustments on translation of subsidiary and branch undertakings recognised directly in equity	<b>647,083</b>	153,094
<b>Total recognised gains and losses relating to the year</b>	<b>(10,672,200)</b>	(4,066,769)

**PETRA DIAMONDS LIMITED - PRELIMINARY RESULTS**  
**CONSOLIDATED BALANCE SHEET**  
**FOR THE YEAR ENDED 30 JUNE 2005**  
**(Unaudited)**

	Notes	2005 Unaudited £	2004 Audited £
<b>ASSETS</b>			
Property, plant and equipment		40,938,217	1,782,408
Intangible assets		187,199	79,576
Investment in associates		-	-
Trade and other receivables		89,960	-
<b>Total non-current assets</b>		<b>41,215,376</b>	<b>1,861,984</b>
Inventories		782,996	-
Trade and other receivables		1,563,640	550,838
Cash and cash equivalents		15,374,678	3,766,852
<b>Total current assets</b>		<b>17,721,314</b>	<b>4,317,690</b>
<b>Total assets</b>		<b>58,936,690</b>	<b>6,179,674</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital		13,094,946	6,784,998
Share premium account		56,711,873	18,834,587
Foreign currency translation reserve		2,286,161	1,639,078
Accumulated loss		(34,767,466)	(23,578,125)
<b>Total equity</b>		<b>37,325,514</b>	<b>3,680,538</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings		239,470	2,000,000
Trade and other payables		1,114,737	13,620
Provisions		956,758	-
Deferred tax liabilities		6,648,166	-
<b>Total non-current liabilities</b>		<b>8,959,131</b>	<b>2,013,620</b>
Interest-bearing loans and borrowings		6,464,162	-
Trade and other payables		5,049,297	166,412
Provisions		1,138,586	319,104
<b>Total current liabilities</b>		<b>12,652,045</b>	<b>485,516</b>
<b>Total liabilities</b>		<b>21,611,176</b>	<b>2,499,136</b>
<b>Total equity and liabilities</b>		<b>58,936,690</b>	<b>6,179,674</b>

**PETRA DIAMONDS LIMITED - PRELIMINARY RESULTS**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2005**  
(Unaudited)

	2005	2004
	Unaudited	Audited
	£	£
<b>Loss after taxation for the year</b>	<b>(11,319,283)</b>	(4,219,863)
Depreciation of property plant and equipment - exploration	340,966	44,402
Depreciation of property plant and equipment – mining	249,394	-
Depreciation of property plant and equipment – other	15,628	7,783
Amortisation of intangible assets	4,409	4,250
Profit on sale of property plant and equipment	(866)	-
Impairment of intangible assets	73,710	-
Impairment of goodwill	4,832,025	-
Interest received	(19,636)	(16,099)
Interest paid	216,585	113,700
Foreign exchange loss	497,083	218,432
<b>Operating loss before working capital changes</b>	<b>(5,109,985)</b>	(3,847,395)
(Increase) in trade and other receivables	(563,539)	(383,855)
Increase in trade and other payables	1,088,439	107,308
(Increase) in inventories	(28,860)	-
<b>Cash utilised in operations</b>	<b>(4,613,945)</b>	(4,123,942)
Interest paid	(216,585)	(113,700)
<b>Net cash utilised by operating activities</b>	<b>(4,830,530)</b>	(4,237,642)
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	866	-
Acquisition of subsidiary net of cash acquired	57,688	-
Interest received	19,636	16,099
Acquisition of property, plant and equipment	(1,414,606)	(1,776,097)
Development expenditure	(102,270)	-
<b>Net cash from investing activities</b>	<b>(1,438,686)</b>	(1,759,998)
<b>Cash flows from financing activities</b>		
Proceeds from the issue of share capital	18,106,789	7,577,133
(Decrease) / increase in long term borrowings	(218,837)	1,923,410
<b>Net cash from financing activities</b>	<b>17,887,952</b>	9,500,543
<b>Net increase in cash and cash equivalents</b>	<b>11,618,736</b>	3,502,903
Cash and cash equivalents at beginning of the year	3,766,852	263,949
Effect of exchange rate fluctuations on cash held	(10,910)	-
<b>Cash and cash equivalents at end of the year</b>	<b>15,374,678</b>	3,766,852

**PETRA DIAMONDS LIMITED - PRELIMINARY RESULTS**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**1. BASIS OF PREPARATION**

The Group financial statements are prepared on the historical cost basis and are presented in Pounds Sterling.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by all Group entities.

**2. SEGMENTAL INFORMATION**

Segment information is presented in respect of the Group's business and geographical segments. The primary format is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest-bearing borrowings and expenses and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

**Business and Geographical segments**

The Group comprises the following business segments:

Mining – the extraction and sale of rough diamonds from mining operations in South Africa for the diamond industry.

Exploration – the exploration of rights held in Angola, Sierra Leone and South Africa.

## 2. SEGMENTAL INFORMATION

<b>Business segments</b>	<b>Mining</b>	<b>Exploration</b>	<b>Eliminations</b>	<b>Consolidated</b>
	2005	2005	2005	2005
	£	£	£	£
Revenue from external customers	1,225,292	-	-	1,225,292
Segment result	164,338	(11,007,711)	-	(10,843,373)
Operating profit	37,406	(11,007,711)	-	(10,970,305)
Net financing income/(costs)	72,058	(385,528)	-	(313,470)
Income tax expense	(35,508)	-	-	(35,508)
Profit/(loss) for year	73,956	(11,393,239)	-	(11,319,283)
Segment assets	45,065,076	43,718,814	(29,847,200)	58,936,690
Total assets	45,065,076	43,718,814	(29,847,200)	58,936,690
Segment liabilities	18,553,530	3,258,949	(201,303)	21,611,176
Total liabilities	18,553,530	3,258,949	(201,303)	21,611,176
Cash flows from operations	339,461	(5,169,991)	-	(4,830,530)
Cash flows from investing	(81,054)	(1,357,632)	-	(1,438,686)
Cash flows from financing	(245,582)	18,133,534	-	17,887,952
Capital expenditure	188,992	1,225,614	-	1,414,606
Impairment losses	(4,832,025)	(73,710)	-	(4,905,735)
<b>Geographical segments</b>	<b>Angola</b>	<b>South Africa</b>	<b>Sierra Leone</b>	<b>Consolidated</b>
Revenue from external customers	-	1,225,292	-	1,225,292
Segment assets	2,879,685	55,869,806	187,199	58,936,690
Cash flows from operations	(3,072,044)	(1,758,486)	-	(4,830,530)
Cash flows from investing	(1,167,925)	(168,491)	(102,270)	(1,438,686)
Cash flows from financing	4,856,812	12,928,870	102,270	17,887,952
Capital expenditure	1,225,614	188,992	-	1,414,606
Impairment losses	-	(4,905,735)	-	(4,905,735)

## 2. SEGMENTAL INFORMATION (continued)

Business segments	Mining	Exploration	Consolidated	
	2004 £	2004 £	2004 £	
Revenue from external customers	-	-	-	
Segment result	-	(3,974,036)	(3,974,036)	
Operating profit	-	(3,974,036)	(3,974,036)	
Net financing costs	-	(245,827)	(245,827)	
Income tax expense	-	-	-	
Loss for year	-	(4,219,863)	(4,219,863)	
Segment assets	-	6,179,674	6,179,674	
Total assets	-	6,179,674	6,179,674	
Segment liabilities	-	2,499,136	2,499,136	
Total liabilities	-	2,499,136	2,499,136	
Cash flows from operations	-	(4,237,642)	(4,237,642)	
Cash flows from investing	-	(1,759,998)	(1,759,998)	
Cash flows from financing	-	9,500,543	9,500,543	
Capital expenditure	-	1,776,097	1,776,097	
Impairment losses	-	-	-	
<b>Geographical segments</b>	<b>Angola</b>	<b>South Africa</b>	<b>Sierra Leone</b>	<b>Consolidated</b>
Revenue from external customers	-	-	-	-
Segment assets	2,122,150	4,057,524	-	6,179,674
Cash flows from operations	(2,828,032)	(1,409,610)	-	(4,237,642)
Cash flows from investing	(1,762,332)	2,334	-	(1,759,998)
Cash flows from financing	4,208,434	5,292,109	-	9,500,543
Capital expenditure	1,762,332	13,765	-	1,776,097
Impairment losses	-	-	-	-

### 3. ACQUISITION OF SUBSIDIARY

On 31 May 2005, the Company acquired all the shares in Crown Diamonds NL (“Crown”), an Australian listed entity, for £25,814,334, satisfied by the issue of 37,962,256 shares. Crown operated three diamond mines in the Republic of South Africa and had an exploration interest in Sierra Leone. In the one month to the 30 June 2005 the subsidiary contributed a mining profit, before depreciation of £413,732.

#### Effect of the acquisition

The acquisition had the following effect on the Group’s assets and liabilities.

	Book Values	Fair value Adjustments	Carrying Values
Crown’s net assets at acquisition date:			
Consolidated fair value of net assets of entity acquired:-			
Mineral properties	15,202,872	3,450,111	18,652,983
Plant and equipment	7,877,282	10,711,196	18,588,478
Exploration and evaluation	82,567	-	82,567
Cash assets	57,688	-	57,688
Inventories	754,136	-	754,136
Receivables	406,140	-	406,140
Receivables from related parties	133,083	-	133,083
Deferred tax liabilities	(6,423,275)	-	(6,423,275)
Settlement of purchase consideration	(3,849,972)	-	(3,849,972)
Bank loans – secured	(805,554)	-	(805,554)
Bank loans – unsecured	(2,439,659)	-	(2,439,659)
Convertible notes – secured	(1,276,717)	-	(1,276,717)
Loans from directors of Crown	(356,918)	-	(356,918)
Accruals and payables	(929,409)	-	(929,409)
Interest on interest bearing liabilities	(43,620)	-	(43,620)
Payables to related party	(116,182)	-	(116,182)
Provision for rehabilitation	(924,251)	-	(924,251)
Other provisions	(527,209)	-	(527,209)
	6,821,002	14,161,307	20,982,309
Goodwill			4,832,025
Consideration paid satisfied in shares			25,814,334

	2005	2004
	£	£

#### 4. COST OF SALES

Raw materials and consumables used	395,958	-
Employee expenses	470,364	-
Depreciation of mining assets	249,394	-
Changes in inventory of finished goods	(54,762)	-
	<b>1,060,954</b>	-

	2005	2004
	£	£

#### 5. EXPLORATION EXPENDITURE

Employee expenses	994,315	479,350
Depreciation of exploration assets	340,966	44,402
Drilling costs	953,356	361,240
Equipment hire	570,305	120,010
Other exploration costs	940,666	1,494,981
	<b>3,799,608</b>	2,499,983

	2005	2004
	£	£

#### 6. OTHER OPERATING EXPENDITURE

Auditors' remuneration		
- audit services	117,796	60,534
Amortisation of intangible assets	4,409	4,250
Depreciation of property plant and equipment	15,628	7,783
Operating lease rentals	187,822	216,548
Staff costs	967,310	537,839
Bid expenditure	-	33,394
Impairment of intangible assets	73,710	-
Profit on disposal of property plant and equipment	866	-
Other charges	1,135,469	618,129
	<b>2,503,010</b>	1,478,477

In addition to the above, fees paid to the auditors during 2005 amounting to £121,099 in respect of non-audit services have been charged to the share premium account as share issue costs.

<b>7. NET FINANCING COSTS</b>	<b>2005</b>	2004
	£	£
On bank loans and overdrafts	<b>(29,395)</b>	(74)
Other debt finance costs	<b>(187,190)</b>	(113,626)
Foreign exchange losses	<b>(116,521)</b>	(148,226)
	<b>(333,106)</b>	(261,926)
Interest received	<b>19,636</b>	16,099
	<b>(313,470)</b>	(245,827)

<b>8. LOSS PER SHARE</b>	<b>2005</b>	2004
	£	£

The calculation of loss per share is based on the loss for the financial year of £11,319,283 (2004: £4,219,863) and on a weighted average of 73,937,847 (2004: 56,682,704) ordinary shares of 10p each in issue during the year.

Loss for the year	<b>11,319,283</b>	4,219,863
-------------------	-------------------	-----------

	<b>Shares</b>	Shares
Basic weighted average number of ordinary shares in issue	<b>73,937,847</b>	56,682,704

	<b>Pence</b>	Pence
Basic loss per share – pence	<b>(15.31)</b>	(7.45)

Due to the Group's loss for the year, the diluted loss per share is the same as the basic loss per share

Weighted average number of ordinary shares		
As at 1 July 2004	<b>67,849,976</b>	51,638,496
Effect of shares issued during the period	<b>6,087,871</b>	5,044,208
Weighted number at 30 June 2005	<b>73,937,847</b>	56,682,704

## **9. DIVIDENDS**

The Directors do not recommend the payment of a dividend for the year.

## **10. ANNUAL REPORT AND ACCOUNTS**

The results for the year ended 30 June 2005 are unaudited and do not constitute statutory accounts. The Report and Accounts for the year ended 30 June 2004, which include an unqualified Audit Report, are available from the Company's headquarters at Elizabeth House, 9 Castle Street, St. Helier, Jersey, JE4 2QP. Copies of the audited Report and Accounts for the year ended 30 June 2005 will be posted to shareholders in October 2005.