GTL RESOURCES PLC

ANNUAL REPORT AND
FINANCIAL STATEMENTS
for the year ended 31 March 2003

GENERAL INFORMATION

Company secretary	Mr. K J Alexander *(resigned 11 February 2003)* Phillip Leatham *(appointed 11 February 2003)*
Registered office	60 St. James's Street, London, SW1A 1LE. Tel: 020 7493 3393 Fax: 020 7493 3394 Registered number: 2811366
Auditors	KPMG Audit Plc Quayside House, 110 Quayside, Newcastle upon Tyne, NE1 3DX.
Bankers	Yorkshire Bank PLC, Tees Valley Area Business Centre, Newport House, Teesdale South, Stockton on Tees, TS17 6SE.
Registrars	Computershare Services PLC, PO Box 82, Caxton House, Redcliffe Way, Bristol, BS99 7NH.
Solicitors	Norton Rose, Kempson House, Camomile Street London, EC3A 7AN.
Nominated Advisors and Brokers	Canaccord Capital (Europe) Limited, 1st Floor, Brook House, 27 Upper Brook Street, London, W1K 7QF.
Website address	www.gtlresources.com

Executive Directors

Peter Middleton CHAIRMAN

Peter Middleton, aged 63, is the former Chief Executive of Lloyds of London, Thomas Cook and Salomon Brothers. More recently, Peter has acted as chief advisor to the Nomura group. Peter Middleton is primarily responsible for GTL's investment strategy. Peter was appointed Chairman of the GTL Group in September 2002.

Michael Fox CHIEF EXECUTIVE OFFICER

Michael Fox, aged 40, has over 20 years experience in the oil and gas industry. He has gained experience of offshore supply and operations and maintenance contracts for major oil companies. Since joining GTL in 1997, Michael has been responsible for sourcing feedstock supplies and contracts for GTL's subsidiaries and has been involved in identifying feedstock conversion opportunities and projects, which fit GTL's strategy.

Stephen Padgett CHIEF OPERATING OFFICER AND FINANCE DIRECTOR

Stephen Padgett, aged 33, qualified as a Chartered Accountant in 1995 having joined the accountancy practice of Walkers in 1992. Stephen specialised in Corporate Finance for a portfolio of clients and has been involved with GTL's projects as an advisor since 1996. GTL recruited Stephen as Finance Manager in 2000, and he was subsequently appointed as Executive Director in March 2001 with particular responsibility for the negotiation of the financial and commercial structure of project contracts, project appraisal and corporate finance.

Roger Harris MANAGING DIRECTOR

Roger Harris, aged 58, is a mining engineer with over 30 years experience in the resource industry. Before joining GTL he was Vice President with the Elf group of companies and managed mining and chemical facilities in the United States. Roger was appointed Managing Director of BKG (GTL's predecessor) in July 1996.

Non-Executive Directors

David Quint CORPORATE GOVERNANCE

David Quint is a co-founder and Chief Executive Officer of RP&C International, an investment banking firm in London and New York. He was previously a Managing Director of the United Kingdom subsidiary of Belden and Blake Corporation, a US oil company, and an attorney with Arter & Hadden. Mr Quint is a graduate of the University of Notre Dame where he received a degree in modern languages and a Juris Doctorate.

Graham Wickham CORPORATE GOVERNANCE

Graham Wickham, aged 60, has twenty-eight years experience in the London Financial Markets having specialised in investment analysis and corporate finance.

The directors present their annual report together with the audited financial statements for the year ended 31 March, 2003.

Principal activities and business review

The activities of the Group continue to be focused upon monetising stranded gas and associated products.

During the year the Group have focused on the development of opportunities in Australia, in particular the proposed methanol project in Dampier, Western Australia.

GTL have secured underwriting commitments for US$290 million of senior debt facilities and US$30 million of mezzanine finance for the methanol project. Native Title and environmental clearance have been granted for the project and work continues to finalise the funding package required to start construction of the methanol plant.

Research and development

The Group has suspended further research and development activities of Fischer Tropsch projects and potential ethanol projects during this financial year to devote resources to the Australian project.

GTL remains committed to developing alternative uses for gas resources and the development of alternative fuel production.

Post balance sheet events

Since the year end, the Company has issued 15,283,665 shares at average of 11.189 pence to raise working capital of approximately £1,710,000 ($2,703,000). The Company has also secured an equity line of credit with Merrill Lynch *International Equity Linked Trading for £5,000,000 ($7,900,000), as detailed in Notes 18 and 26.*

Results and proposed dividend

The loss for the year after taxation amounted to $5,098,000 (2002: $3,003,000).

The directors do not recommend a payment of a final dividend (2002: nil per share).

Directors

The following have served as directors during the financial year:

A J Horan OBE *(resigned 30 September, 2002)*
M Fox
K Alexander *(resigned 11 February, 2003)*
R A Harris
P J Middleton
S J Padgett
G J Wickham
D Quint (appointed 4 March, 2003)

Mr. Peter Middleton retires by rotation, in accordance with the Articles of Association and, being eligible, offers himself for re-election.

Directors' interests

The directors who held office at the end of the financial year, have the following interests in the ordinary shares of the Company, according to the Register of Directors' interests.

Directors	**31 March, 2003**	**1 April, 2002**
M Fox	21,223,385	21,523,385
S Padgett	20,000	20,000

All the directors' interests are beneficial.

There have been no changes in the directors' interests in shares since the balance sheet date to the date of this report.

The following options have been granted to the directors under the rules of the Company's No. 2 Unapproved Executive Share Option Scheme.

Ordinary shares of 1p each

	Balance at 1 April, 2002	**Exercise price**	**Returned to Company**	**Balance at 31 March, 2003**	**Date from which exercisable**	**Expiry date**
R A Harris	1,000,000	4.50p	-	1,000,000	28/09/1999	28/09/2008
P Middleton	1,000,000	24.00p	(1,000,000)	-	20/06/2000	01/04/2010
S Padgett	500,000	24.00p	-	500,000	20/06/2000	01/04/2010
S Padgett	250,000	20.25p	-	250,000	01/03/2001	01/03/2011
Total	2,750,000		(1,000,000)	1,750,000		

On being appointed Chairman of GTL, Mr. Peter Middleton elected to return his options in the Company. This was primarily due to his belief that the role of Chairman of a public company should be carried out impartially on behalf of shareholders and without confusion over a Chairman holding options.

Directors' share options held under the No.2 Unapproved share option scheme require that for all of the options to become exercisable, the share options must be held for a total of three years. One third of the options may be exercised on the anniversary of the grant of the options and each subsequent anniversary.

The mid market price of the ordinary shares of 1 pence each at 31 March, 2003 was 16.50 pence.

The mid market price of the ordinary shares of 1 pence each during the year ranged between 13.50 pence and 27.50 pence.

Directors' interest in transactions

As required to be disclosed under FRS 8, related party transactions are detailed in Note 25 to the financial statements.

Major shareholdings

At 31 March, 2003 the following interests of shareholders holding of 3% or more of the ordinary share capital, other than directors, had been notified to the Company:

	Ordinary share holding	%
Capita Trust Company Limited	21,500,000	10.1
Rock (Nominees) Limited	23,771,597	11.1
W B Nominees Limited	24,073,811	11.3
Stock Lending Collateral	9,563,939	4.5

The directors are not aware of any other interests of 3 per cent or more in the share capital of the Company.

Corporate Governance

The director's support the recommendations set out in Section 1 of the Combined Code prepared by the Committee on Corporate Governance. However the Company does not need to comply with the Code as it is not fully listed. Furthermore the Directors' consider that it is not practical to comply fully with the Combined Code's recommendations due to the size and nature of the Group and the close involvement of all the directors in the day-to-day activities of the business. An Audit Committee comprising Mr G J Wickham, Mr D Quint and Mr R A Harris and a Remuneration Committee comprising Mr G J Wickham and Mr D Quint, the two non-executive directors, has been established. Also an Appointments Committee comprising Mr P Middleton, Mr M Fox and Mr S Padgett has been established, which is also responsible for non-executive remuneration.

A report on directors' remuneration has not been included in the financial statements. However, details of directors' remuneration are detailed in Note 8 to the financial statements.

Policy and practice on payment of creditors

It is the Group's policy in respect of its suppliers, where reasonably practical, to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment and to abide by the terms of payment. Due to the nature of the Group's activities and consequently the nature of its trade creditors during the year under review, it is not meaningful to express the creditor payment period as a number of days.

Policy on financial instruments

Other than from the proceeds from the issue of ordinary shares, the Group's activities are financed by cash at bank. The Group has not established a formal policy on the use of financial instruments but assesses opportunities on a case-by-case basis as they arise.

Political and charitable contributions

The Group made no political contributions, nor charitable donations during the year.

Going Concern
After making enquiries and based upon the Groups' cash resources, the directors have formed a judgement, at the time of approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for approximately 21 months without the need for further funding in addition to that detailed in Note 26. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements. Accordingly the Financial Statements do not include any adjustments, particularly in respect of fixed assets and investments, which would result from the Group ceasing to operate as a going concern. (See Note 1 on Accounting policies).

Internal Control
The board has overall responsibility for the Group's system of internal control. However, such a system is designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement.

A review has been carried out during the year by the directors of the effectiveness of internal control procedures, in accordance with the recommendations of the Combined Code.

The directors are satisfied that given the size and current activities of the Group, the internal control procedures adopted and in place adequately meet its needs and requirements.

Annual General Meeting
The Annual General Meeting of the Company will be held on or around 9 September, 2003. A notice convening the Annual General Meeting and detailing the resolutions to be proposed will be sent to shareholders in due course.

Auditors
In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

R A Harris
Managing Director

27 June, 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS, TO THE MEMBERS OF GTL RESOURCES PLC

We have audited the financial statements on pages 14 to 32.

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report and, as described on page 12, the financial statements in accordance with applicable United Kingdom Law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Audit 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 of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March, 2003 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc 27 June, 2003
Chartered Accountants
Registered Auditor

Newcastle upon Tyne

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2003

	Note	2003 *$000*	2002 *$000*
Administrative expenses		(4,252)	(3,147)
Group operating loss	3	(4,252)	(3,147)
Loss on sale of current asset investments		(273)	-
Interest receivable	4	17	110
Amounts written off current asset investments	15	(615)	-
Interest payable	5	(5)	(4)
Loss on ordinary activities before taxation	3-5	(5,128)	(3,041)
Tax on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation		(5,128)	(3,041)
Equity minority interests		30	38
Retained loss for the financial year	19	(5,098)	(3,003)
Basic loss per ordinary share (US dollars)	7	(0.03)	(0.02)
Diluted loss per ordinary share (US dollars)	7	(0.03)	(0.02)

There were no recognised gains or losses during the current and previous year other than those dealt with above.

The Group's results for both the current and preceding financial year derive from continuing operations.

	Note	2003 $000	2002 $000
Fixed assets			
Intangible assets	10	8,508	8,508
Tangible assets	12	2,531	1,689
		11,039	10,197
Current assets			
Debtors	14	2,343	257
Investments	15	172	-
Cash at bank and in hand		428	964
		2,943	1,221
Creditors: amounts falling due within one year	16	(1,433)	(627)
Net current assets		1,510	594
Total assets less current liabilities		12,549	10,791
Minority interests	22	241	211
Net assets		12,790	11,002
Capital and reserves			
Called up share capital	18	3,504	2,937
Share premium account	19	15,827	9,508
Merger reserve	19	5,141	5,141
Special reserve	19	3,508	3,508
Profit and loss account	19	(15,190)	(10,092)
Equity shareholders' funds	20	12,790	11,002

These financial statements were approved by the Board of Directors on 27 June, 2003 and were signed on its behalf by:

R A Harris
Managing Director

COMPANY BALANCE SHEET
at 31 March 2003

	Note	2003 $000	2002 $000
Fixed assets			
Intangible assets	11	90	90
Tangible assets	12	2,377	1,681
Investments	13,24	7,954	7,954
		10,421	9,725
Current assets			
Debtors	14	3,559	1,113
Investments	15	172	-
Cash at bank and in hand		423	955
		4,154	2,068
Creditors: amounts falling due within one year	16	(1,321)	(626)
Net current assets		2,833	1,442
Net assets		13,254	11,167
Capital and reserves			
Called up share capital	18	3,504	2,937
Share premium account	19	15,827	9,508
Merger reserve	19	5,141	5,141
Special reserve	19	3,508	3,508
Profit and loss account	19	(14,726)	(9,927)
Equity shareholders' funds	20	13,254	11,167

These financial statements were approved by the Board of Directors on 27 June, 2003 and were signed on its behalf by:

R A Harris
Managing Director

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2003

	Note	2003 $000	2002 $000
Reconciliation of operating loss to operating cash flows			
Operating loss		(4,252)	(3,147)
Loss on sale of fixed asset investments		-	2
Depreciation and amortisation charges		67	69
Increase in debtors		(1,864)	(14)
Increase in creditors		917	202
Net cash outflow from operating activities		(5,132)	(2,888)

	Note	2003 $000	2002 $000
CASH FLOW STATEMENT			
Net cash outflow from operating activities		(5,132)	(2,888)
Returns on investments and servicing of finance	21	12	106
Taxation		-	-
Capital expenditure	21	(1,154)	(1,608)
Cash outflow before financing		(6,274)	(4,390)
Management of liquid resources	21	1,314	7
Financing	21	4,509	-
Decrease in cash in year		(451)	(4,383)

	Note	2003 $000	2002 $000
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Decrease in cash in year		(451)	(4,383)
Change in net funds resulting from cash flows		(451)	(4,383)
Translation differences		(85)	(2)
Movement in net funds in the year		(536)	(4,385)
Net funds at 1 April, 2002		964	5,349
Net funds at 31 March, 2003		428	964

During the year ended 31 March, 2003 and 2002 net funds was equivalent to cash.

1 Accounting Policies

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

(a) *Basis of preparation and consolidation*

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

As discussed in the Chairman's statement on pages 2 to 5, the Group is close to completion of the commercial and debt funding arrangements necessary to enable construction of the methanol plant to commence, although discussions continue regarding equity funding for the balance of the expected costs. The directors are confident that these arrangements will be finalised.

However, there can be no certainty of this and they have therefore prepared projected cash flow information for the period ending 24 months from the date of their approval of these financial statements on the basis that construction does not proceed, reflecting the Group's existing financial obligations which exclude any significant capital obligations regarding the plant. As detailed in Note 26 and referred to in the Chairman's statement, the Group has secured facilities to more than finance the remaining legal and other professional costs in the run up to completion. On the basis of this information and facility, the directors consider that the Group will be able to continue to operate within its existing commitments until March 2005.

Since the arrangements for the plant are so close to completion, and on the basis of the contingency plans discussed above, the directors believe that it continues to be appropriate to adopt the going concern basis of preparation. However, were this basis to cease to be appropriate, the directors believe that the balance sheet would be materially different. The consolidated net assets of $12,790,000 as at 31 March, 2003 would be reduced by at least $8,268,000, being the goodwill arising on consolidation from the acquisition of Conpor Inc. on 28 September, 1998.

The Group financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March, 2003. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985, the Company is exempt from the requirement to present its own profit and loss account.

The closing rate used for consolidating the balance sheet of the Group is US$1.5807: £sterling.

The average rate for consolidating the profit and loss account of the Group is US$1.5472: £sterling.

(b) *Currency translation*

The financial statements are presented in United States dollars using the temporal method, whereby transactions in non-United States dollars are recorded using the rate of exchange ruling at the date of the transaction. Gains and losses resulting from the revaluation of non-United States dollar monetary assets and liabilities, using the rate of exchange ruling at the balance sheet date, are included in the profit and loss account.

(c) *Goodwill and Financial costs*

Purchased goodwill arising on consolidation in respect of acquisitions before 1 April, 1998, when FRS 10 Goodwill and intangible assets was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill (representing the excess of the fair value of the consideration given and associated costs over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 April, 1998 is capitalised.

The Group has adopted the policy as set out in the Statement of Recommended Practice (SORP) as issued by the Oil Industry Accounting Committee with regard to amortisation; whereby amortisation will normally apply with the commencement of production from such operating activities.

On the subsequent disposal or termination of a business acquired since 1 April, 1998, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

In the Company's financial statements, investment in subsidiary undertakings is stated at cost less amounts written off for any impairment.

Costs in respect of the financing of the first methanol plant have also been capitalized.

(d) *Tangible fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal installments over their estimated useful economic lives as follows:

Leasehold property	- 3 years (33% per annum)
Plant and equipment	- 4 years (25% per annum)
Computer equipment	- 2-4 years (25% to 50% per annum)

Assets in the course of construction, which currently comprises legal and due diligence costs in respect of the Methanol Project, will not be depreciated until completion of the EPC contract.

(e) *Research and development expenditure*

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

(f) *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

(g) *Investments (held as current assets)*
Current asset investments are carried at the lower of cost and net realisable value.

(h) *Operating leases*
Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease. Premiums on leases are included in prepayments and are charged to the profit and loss account over the term of the lease.

(i) *Pension contributions*
The Company operates a Group personal pension plan. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

(j) *Employee share schemes*
The cost of awards to employees that take the form of shares or rights to shares are recognized when the employee becomes unconditionally entitled to shares. No cost is recognised in respect of SAYE schemes that are offered on similar terms to all or substantially all employees.

(k) *Cash and liquid resources*
Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

2 Segmental Reporting

A full analysis of segmental reporting by geographical market has not been reported as, in the opinion of the directors, this would be seriously prejudicial to the interests of the Company.

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated:

	2003	2002
	$000	***$000***
After charging		
Auditors' remuneration:		
Group & Company: audit	**30**	29
other services	**23**	24
Depreciation and amortisation	**67**	69
Loss on sale of fixed assets	**-**	2
Exchange losses	**-**	42
Research and development	**106**	76
After crediting		
Exchange gains	**82**	-

4 Interest receivable

	2003	2002
	$000	***$000***
Interest receivable on short term deposits	17	110

5 Interest payable

	2003 $000	2002 $000
On bank overdraft	5	4

6 Taxation

Analysis of charge in period

	2003 $000	2002 $000
Tax on profit on ordinary activities	-	-

Tax losses amounting to $14,400,000 (2002: $9,300,000) are available to relieve the future profits of the Group.

Factors affecting the tax charge for the current period
The current tax credit for the period is lower (2002: lower) than the standard rate of corporation tax in the UK 30% (2002: 30 %). The differences are explained below.

	2003 $000	2002 $000
Current tax reconciliation		
Loss on ordinary activities before tax	5,128	3,041
Current tax at 30% (2002: 30%)	1,538	912
Effects of:		
Unutilised tax losses	(1,538)	(912)
Total current tax credit (see above)	-	-

Factors that may affect future tax charges
Future profits will primarily be generated overseas. The directors believe that it would be imprudent to recognize a deferred tax asset in these financial statements. This position will be reviewed in future periods.

7 Loss per ordinary share

The calculation of basic loss per ordinary share is based on the loss for the year of $5,098,000 (2002: $3,003,000) and the weighted average number of equity voting shares in issue of 192,193,514 (2002: 177,097,810).

The diluted loss per ordinary share is based on the loss for the year of $5,098,000 (2002: $3,003,000) and the weighted average number of equity voting shares in issue and outstanding share options of 203,032,199 (2002: 188,326,933).

The difference between the weighted average number of equity voting shares in addition to the basic and diluted loss per share is due to the weighted average number of equity voting shares, which would be in issue on conversion of options.

8 Remuneration of directors

	2003 Remuneration	2003 Compensation for loss of office	2003 Benefits	2003 Total	2002 Remuneration	2002 Compensation for loss of office	2002 Benefits	2002 Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Executive directors	**566**	**183**	**64**	**813**	576	-	11	587
Non-executive directors	**25**	**-**	**-**	**25**	35	-	-	35

Note: Directors' remuneration is disclosed in sterling and not United States dollars.

The remuneration of the highest paid director was £336,000 (2002: £179,000) including compensation for loss of office and £10,000 paid into personal pension schemes.

None of the directors exercised share options during the year (2002: Nil). The directors exercised no further options up to the date these financial statements were approved.

The Company have a Group personal pension plan in place, whereby the Company contributes a percentage of annual salary on behalf of full time executive directors of the Group into personal pension schemes.

Contributions totalling £33,000 (2002: £35,000) were made into personal pension schemes held by the directors who served during the year. The number of directors for which such payments were made during the year are as follows:

	2003 No.	2002 No.
Directors	**4**	4

9 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2003 No.	2002 No.
Administration	**15**	14

The aggregate payroll costs of these persons were as follows:

	2003 *$000*	2002 *$000*
Wages and salaries	**1,826**	1,459
Social security costs	**200**	157
	2,026	1,616

The Company have a Group personal pension plan during the year, whereby the Company contributes a percentage of annual salary on behalf of full time employees of the Group into personal pension schemes.

Contributions totaling US$57,000 (£37,000) (2002: US$57,000) were made into personal pension schemes held by employees during the year.

10 Intangible fixed assets

Group	Finance Costs $000	Goodwill $000	Operating Licence $000	Total $000
Cost				
1 April, 2002 and 31 March, 2003	90	8,268	150	**8,508**
Net Book Value				
1 April, 2002 and 31 March, 2003	90	8,268	150	**8,508**

The goodwill represents the amount arising on consolidation from the acquisition of Conpor on 28 September, 1998.

A gas extraction licence was granted to GCS Vietnam Inc, a subsidiary company, on 29 January, 1999 and is operational for 25 years.

As stated in the goodwill accounting policy, both intangible assets will be amortised over their remaining useful economic lives once production commences.

Finance costs relate to an initial feasability study carried out for a methanol project to service the Asian market.

11 Intangible fixed assets

Company	Finance costs $000
Cost	
1 April, 2002 and 31 March, 2003	90
Net book value	
1 April, 2002 and 31 March, 2003	**90**

12 Tangible fixed assets

	Group Plant and Equipment $000	Group Assets in the course of construction $000	Group Total $000	Company Plant and Equipment $000	Company Assets in the course of construction $000	Company Total $000
Cost						
1 April, 2002	216	1,574	1,790	216	1,566	1,782
Additions	9	1,145	1,154	9	999	1,008
Transfer to current assets	-	(245)	(245)	-	(245)	(245)
31 March, 2003	225	2,474	2,699	225	2,320	2,545
Depreciation						
1 April, 2002	101	-	101	101	-	101
Charge for year	67	-	67	67	-	67
31 March, 2003	168	-	168	168	-	168
Net Book Value						
31 March, 2003	**57**	**2,474**	**2,531**	**57**	**2,320**	**2,377**
31 March, 2002	115	1,574	1,689	115	1,566	1,681

As the project has progressed further, financing agreements have been made. As a result, a transfer of $245,000 has been made to prepayments to reflect the fact that these costs will be reimbursed by the project financiers on financial completion of the methanol project in Australia.

13 Fixed asset investments

	Shares in Group undertakings
Company	***$000***
Cost	
1 April, 2002 and 31 March, 2003	7,954
Net book value	
1 April, 2002 and 31 March, 2003	7,954

Fixed asset investments relate to Group companies as set out in Note 24.

14 Debtors

	Group		Company	
	2003	2002	**2003**	2002
	$000	*$000*	***$000***	*$000*
Other debtors	**45**	38	**43**	36
Prepayments and accrued income	**2,298**	219	**2,298**	219
Amounts owed by Group undertakings	**-**	-	**1,218**	858
	2,343	257	**3,559**	1,113

Included within prepayments is $106,000 (2002: $108,000) in respect of an operating lease, as detailed in Note 23.

15 Current asset investments

	Group		Company	
	2003	2002	**2003**	2002
	$000	*$000*	***$000***	*$000*
Listed investments	**172**	-	**172**	-

At 31 March, 2003, the market value of the listed investments was $249,000. The potential tax asset if the investments were sold at this value would be $163,000.

The investments were acquired as part of the fundraising activities of the Company during the year in the form of share for share transactions. It is not anticipated that any further transactions of this nature will be entered into in the future. The loss on sale of investments of $273,000 is due to the differences in acquisition cost and net realised value. The amount written off current asset investments of $615,000 is in accordance with the accounting policy set out in Note 1(g).

16 Creditors: amounts falling due within one year

	Group		Company	
	2003	2002	**2003**	2002
	$000	*$000*	***$000***	*$000*
Trade creditors	**231**	75	**231**	75
Other creditors	**10**	-	**11**	1
Taxation and social security	**101**	50	**101**	50
Accruals	**1,091**	502	**978**	500
	1,433	627	**1,321**	626

17 Financial assets and liabilities

The Group's activities are financed by cash at bank and short term investments which comprise cash placed on deposit.

The Group's Treasury policy has as its principal objective the achievement of the maximum rate of return on cash balances whilst maintaining an acceptable level of risk. Other than mentioned above there are no financial instruments, derivatives or commodity contracts used.

The Group has foreign currency risk arising from the annual translation of transactions. The potential exposure arising from this is not considered material.

For the purposes of the following disclosures, short term debtors and creditors have been excluded, as permitted by FRS 13.

The Group's financial assets comprise cash at bank and short term investments. At 31 March, 2003 the average interest rate earned on the temporary closing balances was 3.5% (2002: 5.0%).

In aggregate, the fair value of the Group's financial assets and liabilities was not materially different from their book values, in either this or the preceding year.

18 Called up share capital

	Number	*£'000*	*$000*
Authorised:			
Equity: Ordinary shares of £0.01 each	650,000,000	6,500	-
Equity: Deferred shares of £0.09 each	40,154,664	3,614	-
	690,154,664	10,114	-
Allotted, called up and fully paid:			
31 March, 2002			
Equity: £0.01 new ordinary shares	177,097,810	1,771	2,937
Equity: £0.09 deferred shares	-	-	-
	177,097,810	1,771	2,937
31 March, 2003			
Equity: £0.01 new ordinary shares	213,511,810	2,135	3,504
Equity: £0.09 deferred shares	-	-	-
	213,511,810	**2,135**	**3,504**

18 Called up share capital (continued)

During the year the Company issued ordinary 1 pence shares as follows:

	Number	Price per share	Gross proceeds
8 May, 2002	1,000,000	19.00p	£190,000
18 June, 2002	3,862,500	16.00p	£618,000
18 June, 2002	3,651,500	14.10p	£514,862
9 September, 2002	6,000,000	8.82p	£529,200
9 September, 2002	3,500,000	14.50p	£507,500
27 December, 2002	7,800,000	12.00p	£936,000
27 December, 2002	1,000,000	12.00p	£120,000
27 January, 2003	100,000	12.00p	£12,000
4 March, 2003	9,500,000	13.00p	£1,235,000
	36,414,000		

Share Options

The Company has three Executive Share Option Schemes.

The Approved Executive Share Option Scheme, which was adopted by the Company on 15 July, 1993. Options under this scheme are granted to eligible employees at the discretion of a committee of the Board of Directors of the Company.

The Unapproved Executive Share Option Scheme, which was adopted by the Company on 15 July, 1993, has Rules substantially the same as for the Approved Executive Share Option Scheme, except that in addition, options may be granted to companies who provide the services of an employee or director to the Company or it's subsidiaries.

There are no options outstanding under either of the above two Executive Share Option Schemes.

The No. 2 Unapproved Executive Share Option Scheme, was adopted by the Company on 11 October, 1996. The Scheme Rules are substantially the same as that of the Unapproved Executive Share Option Scheme other than specific restrictions as to the exercising of the Options.

The Directors' options existing under the No. 2 Unapproved Executive Share Option Scheme at the financial year end are stated in the Directors' Report.

18 Share capital (continued)

	No. of warrants	Exercise price	Date from which exercisable	Expiry date
During the year the Company issued the following options and warrants to third parties:				
Third Parties				
RP&C International	950,000	13.00p	04/03/2002	03/03/2007
The Company previously issued the following options and warrants to third parties:				
Worley Engineering	500,000	23.00p	21/06/2001	01/04/2010
Société Générale	5,000,000	40.00p	30/10/2000	01/04/2010
RP&C International (re priced 23/12/03)	418,569	12.00p	23/12/2003	30/12/2004
RP&C International (re priced 23/12/03)	330,000	12.00p	23/12/2003	07/02/2005
RP&C International (re priced 23/12/03)	418,568	12.00p	23/12/2003	30/12/2004

RP&C International exercised the following warrants during the year:

Date	No. of shares	Price per share	Gross Proceeds
27 January, 2003	100,000	12.00p	£12,000

On successful completion of the project financing it is contemplated that further warrants to purchase 5,000,000 shares in the Company at 20 pence each will be granted to Société Générale.

The Company issued further new ordinary shares since the end of the financial year to cover due diligence and working capital costs in relation to the Methanol Project in Australia:

Date	No. of shares	Price per share	Gross Proceeds
17 April, 2003	12,076,000	11.500p	£1,388,740
17 June, 2003	3,207,665	10.016p	£321,280
	15,283,665	11.189p	£1,710,020

On 2 May, 2003 the Company granted RP&C International warrants to subscribe for 1,207,600 ordinary shares at 11.5 pence per share before 1 May, 2008.

On 11 June, 2003 the Company granted Merrill Lynch International Equity Linked Trading warrants to subscribe for up to 1,603,828 ordinary shares at 13.75 pence per share before 4 June, 2004, as detailed in Note 26.

19 Reserves : Group

	Special reserve $000	Merger reserve $000	Share premium account $000	Profit and loss account $000	Total $000
1 April, 2002	3,508	5,141	9,508	(10,092)	8,065
Premium on shares issued, less expenses	-	-	6,319	-	6,319
Retained loss for the year	-	-	-	(5,098)	(5,098)
31 March, 2003	3,508	5,141	15,827	(15,190)	9,286

Reserves: Company

	Special reserve $000	Merger reserve $000	Share premium account $000	Profit and loss account $000	Total $000
1 April, 2002	3,508	5,141	9,508	(9,927)	8,230
Premium on shares issued, less expenses	-	-	6,319	-	6,319
Retained loss for the year	-	-	-	(4,799)	(4,799)
31 March, 2003	3,508	5,141	15,827	(14,726)	9,750

20 Reconciliation of movements in equity shareholders' funds

Group	2003 $000	2002 $000
Loss for the financial year	(5,098)	(3,003)
New share capital subscribed (net of issue costs)	6,886	-
Net movement in shareholders' funds	1,788	(3,003)
Shareholders' funds 1 April, 2002	11,002	14,005
Shareholders' funds 31 March, 2003	12,790	11,002

21 Analysis of cash flows

	2003 $000	2002 $000
Returns on investments and servicing of finance		
Interest received	17	110
Interest paid	(5)	(4)
	12	106
Capital expenditure		
Purchase of tangible fixed assets	(9)	(32)
Purchase of assets in the course of construction	(1,145)	(1,576)
	(1,154)	(1,608)
Management of liquid resources		
Proceeds on sale of current asset investments	1,314	7
Financing		
Issue of ordinary share capital	4,509	-

22 Minority interests

	Group 2003 $000	Group 2002 $000
At beginning of year	**211**	173
Share of loss for the year	**30**	38
At end of year	**241**	211

The figures above represent an equity minority interest in each year.

23 Commitments

a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	Group and Company 2003 $000	Group and Company 2002 $000
Contracted	**1,096**	648

b) Annual commitments under non-cancelable operating leases are as follows:

	Group and Company 2003 $000	Group and Company 2002 $000
Operating leases which expire:		
within one year	**95**	86

24 Subsidiary undertakings

The undertakings in which the Group's interest at the year end is more than 20% are as follows:

Company name	*Percentage beneficial ownership by Group (ordinary shares)*	*Country of incorporation/ registration*	*Principal activity*
Conpor Inc.	100.00%	British Virgin Islands	Dormant
GCS Holdings Inc.	67.50%	British Virgin Islands	Project Holding Company
GCS Vietnam Inc.	59.00%	Cayman Islands	Floating Methanol Plant
GTL Resources (Australia) Pty Limited	100.00%	Australia	Project Management
GTL Australian Holdings Pty Ltd (previously Australian Methanol Company)	100.00%	Australia	Australian Methanol Project Holding Company
Liquigaz Holdings Pty Ltd	100.00%	Australia	Mezzanine funding vehicle
Liquigaz Pty Ltd	100.00%	Australia	Onshore Methanol Plant

All the companies listed above have been included in the consolidated financial statements.

25 Related party transactions

RP&C International

Mr David Quint was appointed director of GTL Resources plc on 4 March, 2003. Mr Quint is also a director of RP&C International, with which since 4 March, 2003 the Company has transactions amounting to £87,309.58 in respect of fund raising costs. RP&C International also hold warrants as detailed in Note 18.

M Fox

At 31 March, 2003 Mr M Fox director owed an amount to the Company in respect of travel expenses whilst working in Australia during the year of £6,029 (31 March 2002, Nil). The amount was repaid after the year end.

26 Post balance sheet events

Equity Raising

As detailed in Note 18, the Company issued 12,076,000 ordinary shares at 11.50 pence each on 17 April, 2003. The Company also issued warrants to RP&C International in relation to this fundraising on 2 May, 2003, as detailed in Note 18.

Entry into Equity Facility with Merrill Lynch International Equity Linked Trading.

On 4 June, 2003 the Company announced that it had entered into an Equity Facility with Merrill Lynch International Equity Linked Trading ("MLI") which, subject to various conditions, will give the Company the right to issue up to an aggregate of £5,000,000 ($7,900,000) of ordinary shares to MLI over the next six months in monthly tranches.

As part of these arrangements the Company is granting MLI warrants to subscribe, pro-rata with each tranche, for up to a total of 18.2 million shares at a price of 13.75p per share which represents 110% of the closing price of the shares on 4 June, 2003. These warrants will be exercisable until 4 June, 2004.

Pursuant to this announcement, on 11 June, 2003 the Company agreed to issue to MLI 3,207,665 new ordinary shares at a subscription price of 10.016p per share. This raised £321,000 ($507,000). As part of these arrangements the Company granted MLI warrants to subscribe for up to 1,603,828 shares at a price of 13.75p per share.