

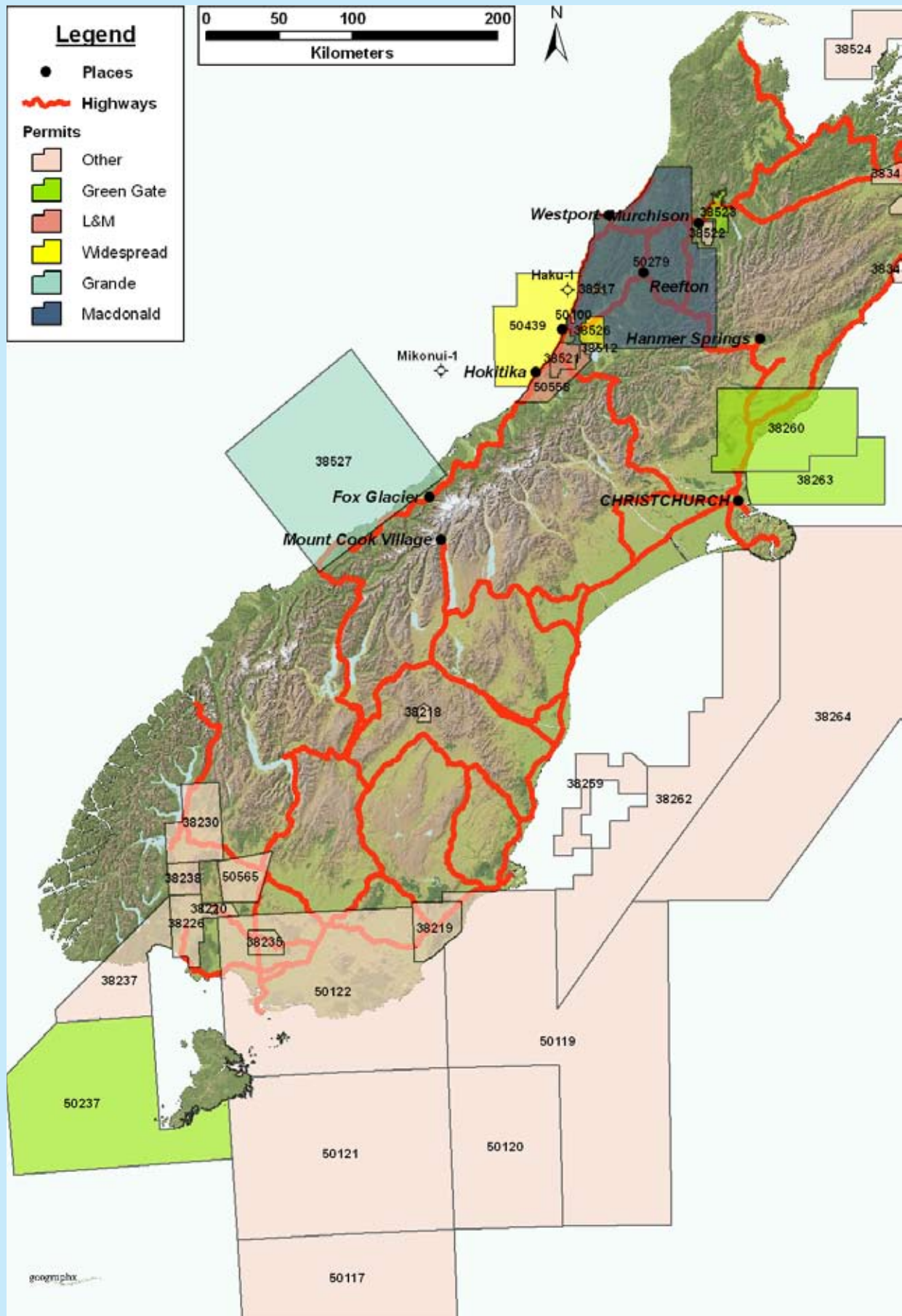
# WIDESPREAD *Energy Ltd*



2008

ANNUAL REPORT

# Widespread South Island Permits



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# Directory

for the year ended 31 March 2008

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<b>Directors</b>	Keith T. Hindle (Chairman) Chris D Castle Marion R Franks
<b>Registered office</b>	Quigg Partners Level 7, 28 Brandon Street Wellington
<b>Share registry</b>	Link Market Services Limited 138 Tancred Street Ashburton
<b>Phone</b>	(03) 525 9170
<b>Email</b>	chris@widespread.co.nz
<b>Website</b>	<a href="http://www.widespread.co.nz">www.widespread.co.nz</a>
<b>Auditors</b>	WHK Sherwin, Chan & Walshe 45 Knights Road Lower Hutt
<b>Legal advisers</b>	Quigg Partners Level 7, 28 Brandon Street Wellington

# Directors' Review

## for the year ended 31 March 2008

Your directors submit the audited financial statements of Widespread Energy Limited for the year to 31 March 2008.

The trading result for the period was a loss of \$85,000 (2007 – loss of \$104,000).

An analysis of the result is provided in the table below:

	Year to 31 March	
	2008 (\$,000)	2007 (\$,000)
Income	94	86
Expenses	179	190
Net Profit (loss) before income tax	(85)	(104)
Income tax	–	–
Net profit (loss) after tax	(85)	(104)

Notwithstanding the reported deficit for the year, Widespread Energy made tremendous progress in building up an exciting portfolio of oil and gas exploration opportunities.

Our involvement in the projects listed in the panel overleaf means Widespread Energy now effectively has six live opportunities in the oil and gas exploration business in New Zealand and a significant potential opportunity in the fertiliser industry. The fertiliser industry, due to bio-fuel demand driving fertiliser prices, is now increasingly linked to the energy sector.

The portfolio offers (at a modest entry cost) both diversity and considerable upside if there is exploration success in any one project.

### Fundraising

As Widespread Energy has no sources of income (apart from interest bearing cash deposits) ongoing

trading losses are anticipated as the company continues to invest in the work programmes on granted permits.

The Company has the cash or near cash resources to operate at the present level of activity for the next 4–5 months, meaning that further funding is required in the very short term.

Recently we announced the details of the fund-raising programme which once again will be in the form of a share purchase plan. Each existing shareholder with shares registered in their name as at 5 pm on the record date have rights to subscribe for up to \$5,000 of new securities of the Company at an issue price of 12.5 cents per new security, payable in full on application. The offer will be non-renounceable.

One new security consists of one new share with one new option attached to each new share. New shares will rank equally in all respects, including as to dividends (if any) and voting with the existing shares of the Company. New options are issued on the same terms as the existing options issued by the Company and are exercisable for 10 cents into shares on a 1:1 basis until 30 June 2011.

The Board has determined to not underwrite the offer. There will be an opportunity for any subscribers under this offer to tender for any shortfall.

As there are approximately 200 shareholders the issue will, if any shortfall shares are all tendered successfully, raise \$1 million.

### Dividend

The directors recommend that no dividend be declared.

## Milestones achieved in the last 12 months

- The acquisition of a 11.7% interest in Green Gate Limited, the holder of four petroleum exploration permits (PEPs) in four South Island areas (Canterbury, Murchison and Great South Basin).
- Application for and the subsequent grant of PEP 38526 over the prolific oil seeps at Kotuku on the West Coast.
- Application for and the subsequent grant of PEP 50439 for an area of 3,269 km<sup>2</sup>, off the West Coast of the South Island between Hokitika and Punakaiki.
- Widespread Energy, on behalf of a consortium comprising Widespread Energy and associated company Widespread Portfolios, applied in November 2007 for an offshore prospecting permit covering an area of 3,048 km<sup>2</sup> on the central Chatham Rise. The area encompassed by the permit is located 600 km east of Christchurch and includes significant seabed deposits of rock phosphate and other potentially valuable minerals.

## Auditors

WHK Sherwin Chan & Walshe (previously Sherwin Chan & Walshe) were re-appointed auditors at the annual general meeting last year and have confirmed their willingness to continue in office as Auditors to the Company.

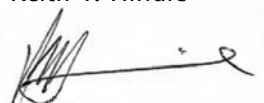
## Directors

The following Directors held office: Chris Castle, Marion Franks and Keith Hindle.

In accordance with the Constitution, Marion Franks retires by rotation and being eligible offers herself for re-election to the board.

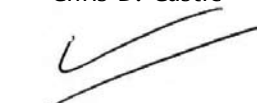
For and on behalf of the Board,

Keith T. Hindle



Chairman

Chris D. Castle



Director

31 May 2008

# Operations Review

Milestones achieved during the year included:

- The acquisition of a 11.7% interest in Green Gate Limited, the holder of four petroleum exploration permits (PEPs) in four South Island areas (Canterbury, Murchison and Great South Basin)
- Application for and the subsequent grant of PEP 38526 over the prolific oil seeps at Kotuku on the West Coast
- Application for and the subsequent grant of PEP 50439 for an area of 3,269 km<sup>2</sup>, off the West Coast of the South Island between Hokitika and Punakaiki
- Widespread Energy, on behalf of a consortium comprising Widespread Energy and associated company Widespread Portfolios, applied in November 2007 for an offshore prospecting permit covering an area of 3,048 km<sup>2</sup> on the central Chatham Rise. The area encompassed by the permit is located 600 km east of Christchurch and includes significant seabed deposits of rock phosphate and other potentially valuable minerals

Our involvement in these projects means Widespread Energy now effectively has six live opportunities in the oil and gas exploration business in New Zealand and a significant potential opportunity in the fertiliser industry. The fertiliser industry, due to bio-fuel demand driving fertiliser prices, is now increasingly linked to the energy sector.

## Other Investments

Widespread Energy continues to hold an investment in Akura Limited, a Fiji-based private company, which has lodged applications for three Petroleum Exploration Licenses with the Mineral Resources Department of Fiji for a total

of 17,667 km<sup>2</sup>, most of this being offshore of Fiji. Little progress has been made during the last twelve months advancing these applications. Notwithstanding that, the political landscape in Fiji is such that Widespread Energy will not contemplate investing further in Akura until Fiji's interim government has achieved greater international acceptance than it has at present.

After a review of its likely future prospects we sold our investment in Canada Energy Partners.

## Green Gate Limited

Green Gate was established as a private oil and gas exploration company in 2003, and has built up a promising portfolio of South Island focused petroleum exploration permits in North Canterbury, Murchison and the Solander/Great South Basin.

Over the past three years, Green Gate has acquired almost 500 km of seismic data offshore North Canterbury.



NRG drilling rig at Kate 1 well



NRG Rover pumping equipment.



Ron Richards of NRG drilling and Stacey Radford (Green Gate) inspecting drilling equipment.



Stacey Radford of Green Gate on site at the Kate 1 exploration well.

Green Gate has also recently fulfilled the material component of its 2007 work obligations in PEP 38263 through the successful acquisition of over 200 km of marine seismic data, and is on track with its work programme in PEP 38523. The company has established a highly promising frontier exploration permit portfolio.

Recently Green Gate drilled an exploration well (Kate 1) on the onshore Kate Anticline oil prospect near Amberley in PEP 38260.

The Kate-1 well was testing an anticlinal structure, approximately 50 kilometres north of Christchurch, which has prominent surface expression as well as seismic evidence of sub-surface closures in the approximately 1050 metre thick sedimentary section. The primary target is sandstone reservoirs in the Late Cretaceous Broken River Formation coal measures (450-1050 metres), with secondary targets in younger sandstones and limestones. The structure as mapped has the potential to reservoir upwards of 25 million barrels of oil in place in the Broken River formation.

An oil seep was uncovered during geotechnical works on the flank of the anticline in 2003, and soil gas surveys have confirmed the presence of thermogenic hydrocarbons in the vicinity of the mapped structure.

Wireline logging of Green Gate's Kate 1 well was completed on Saturday 17 May.

The main logs confirmed that the well is not a discovery, but the evaluation included several positive factors for Green Gate's ongoing exploration programme in North Canterbury. The logs indicated a substantial thickness of very high quality potential reservoir section (about 70 m with porosity in the range of 30%).

The next stage of prospectivity evaluation of Green Gate's North Canterbury exploration permits will be enhanced by the incorporation of

several new lines of data from Kate 1: calibration of the seismic control; maturity of source rocks (fluorescent kerogen was observed); the excellent quality of both reservoir and seal.

While Kate 1 as a dry hole condemned the specific location of the well, in light of these positive factors the prospect deserves further detailed evaluation and the prospectivity of the wider permit area has in no way been eliminated.

## Kotuku Oil Seeps

On 5 September 2007, Widespread Energy Ltd was granted an exclusive permit (PEP 38526) to explore for and if successful, develop, oil and gas resources within an area of 288 km<sup>2</sup> inland from Greymouth on the West Coast of the South Island.

Since the grant of PEP 38526, Widespread Energy has undertaken a work programme of work that revived over a century of investigations into the Kotuku Dome, a substantial anticlinal structure in the Arnold River valley north of Lake Brunner that is characterised by arguably the most prolific and sustained system of surface oil seepage in New Zealand.

The most comprehensive modern campaign was conducted by New Zealand Oil and Gas Ltd in the 1980s, including seismic surveys and well drilling, the results of which have been an important part of the basis for Widespread's investigations.

Specific elements of stage one of the Kotuku work programme are:

1. A review of existing exploration data including well data, seismic data and geological literature to create a petroleum systems report of the PEP 38526 area.  
*Status:* the review work is essentially finished.
2. Reprocessing of existing seismic data from within the permit area acquired post 1980.  
*Status:* seismic reprocessing completed.

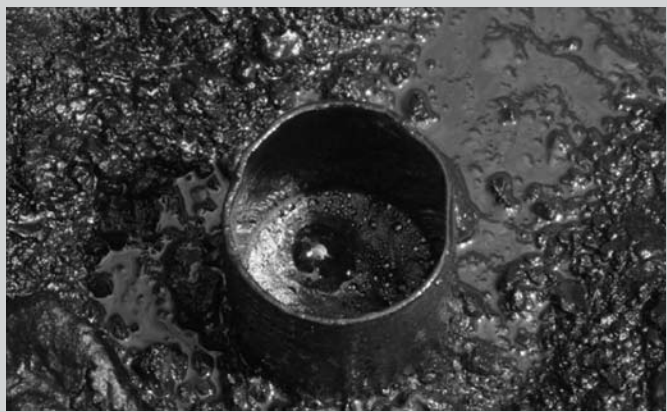


Kotuku oil seep.



Gas being flared at neighbouring Kotuku oil seep prospect

3. Undertake structural interpretation and mapping of the permit area and the area surrounding the permit area.  
*Status:* this work is scheduled for late May-June.



Pit containing biodegraded crude oil that continues to seep from a sub-surface accumulation in the Kotuku Dome

4. To document an inventory of leads and prospects arising from the above activities.

Stage two of the work programme will involve either:

1. The acquisition of at least 20 km of geo-physical data (such as a seismic survey of controlled source electromagnetic survey) to

further delineate at least one of the identified leads or prospects; or

2. To plan and design an exploratory well. Such a well is required to be drilled within 30 months of the commencement date of PEP 38526.

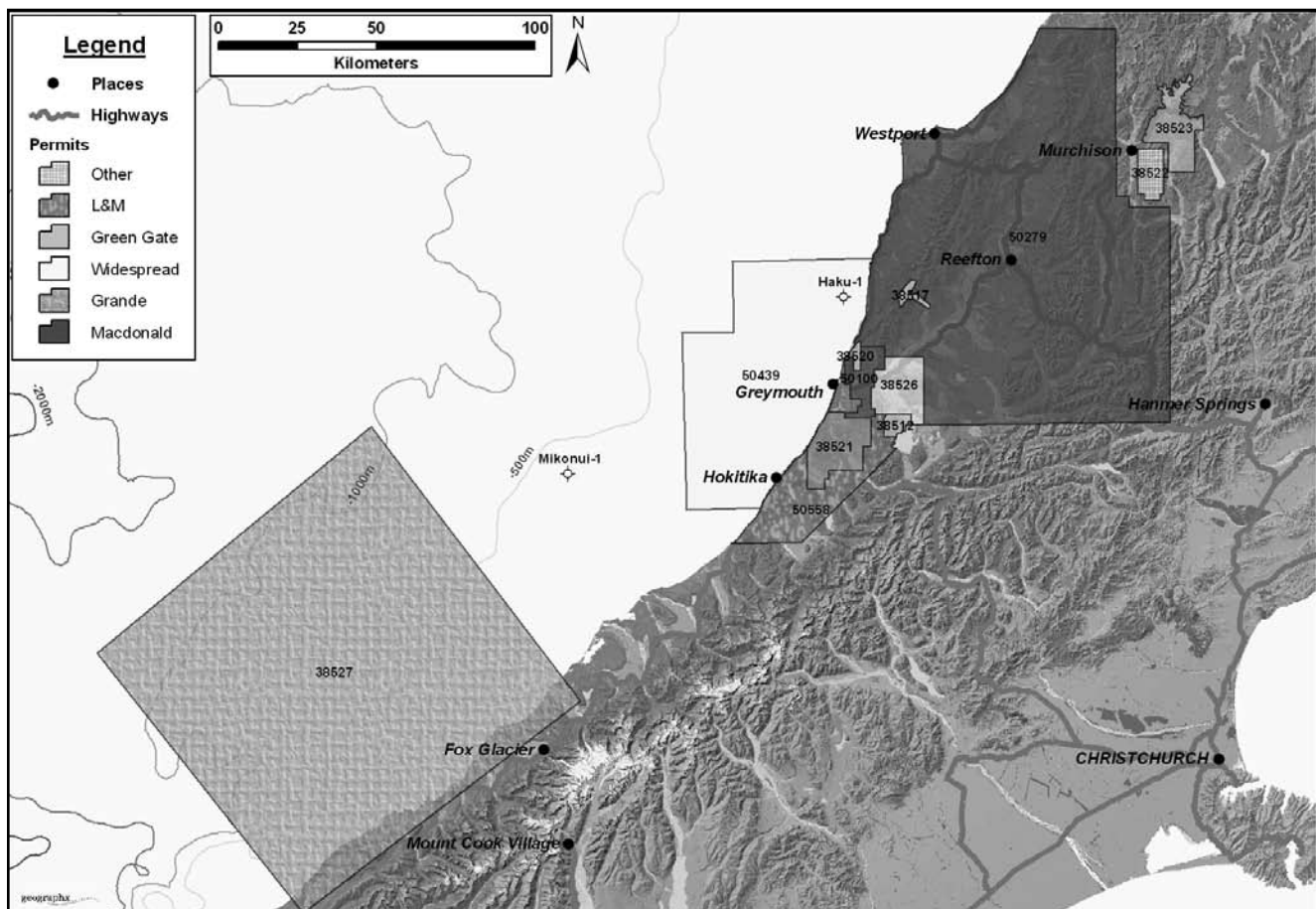
## Offshore West Coast

On 6 March 2008 Widespread Energy Ltd was granted a Petroleum Exploration Permit covering an area of 3,269 km<sup>2</sup>, off the West Coast of the South Island between Hokitika and Punakaiki.

PEP 50439 was granted to Widespread Energy (100% interest) for an initial term of five years, subject to the staged work programme tendered by Widespread Energy.

In the next 12 months, this work will involve:

1. Reprocessing of 200 km of seismic data into a digital form that can be integrated with the existing digital data set;



Widespread Greymouth permits.

2. Mapping of selected geological horizons;
3. Investigation of thermal history to ascertain the timing and quantity of oil and gas generation; and
4. The development of an inventory of exploration leads and prospects.

Depending on the results of this programme, it is anticipated that a joint venture would be formed to fund and conduct subsequent work including seismic acquisition and exploration drilling, which needs to be undertaken within four years in order for the permit to remain in force.

### **Chatham Rise Phosphorites (rock phosphate)**

Exploration conducted in the early 1980s by Fletcher Challenge Corporation and other companies indicated the potential for economic concentrations of phosphorite on the Chatham Rise. Although significant sample quantities were gathered during these exploration programmes, no historical production has occurred from this region.

Recent quantum increases in the market value of rock phosphate (from US\$50/tonne to US\$375/tonne in just the last nine months) means profitable exploitation of this marine mineral deposit is now more likely to be feasible.

At present virtually all of the rock phosphate used by the New Zealand fertiliser industry is imported from Morocco, with rapidly increasing transport costs arising from oil price increases adding to the local landed costs of this product.

In these circumstances the existence of a New Zealand centred resource, if it can be mined economically, would benefit all stakeholders in the fertiliser industry and also reduce the degree to which the New Zealand agriculture sector is becoming increasingly exposed to increasing oil prices.

Published reports arising from the 1980s exploration programmes indicate that the phosphorite resource may exceed 100 million tonnes. The phosphorite occurs in nodules that also contain a number of other potentially valuable substances, including rare earth minerals and fluorine.

If it can be established that there is a phosphorite resource of 100 million tonnes the present in-situ value of the rock phosphate alone could be worth, at present market prices, around NZ\$46 billion. Clearly if the cost of extraction and processing the resource is greater than this then, despite the huge numbers involved, the project is valueless.

However, it's been encouraging to note the recent several hundred per cent increase in the value of ASX listed Mine Makers (from A\$20 million to over A\$250 million) after a series of announcements made by that company concerning rock phosphate prices and its 71 million tonne Northern Territory-located rock phosphate resource.

The Chatham Rise work programme for the first 12 months will include, inter alia, a literature review of reports arising from previous phosphorite exploration in the license area, digitisation and re-analysis of data collected at that time, and a pre-feasibility study focussing on the project economics.



## AUDIT REPORT

### To the Shareholders of Widespread Energy Limited

We have audited the attached financial statements. The financial statements provide information about the past financial performance and financial position of the Company as at 31 March 2008. This information is stated in accordance with the accounting policies described in the notes to the financial statements.

### Directors' Responsibilities

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the financial position of the Company as at 31 March 2008 and of the results of its operations and cash flows for the year ended on that date.

### Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to the shareholders.

### Basis of Opinion

An audit includes examining on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made 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 conducted our audit in accordance with New Zealand Auditing Standards issued by the New Zealand Institute of Chartered Accountants. 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 obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm carries out other assignments for the Company in the area of taxation. Other than in this capacity and our capacity as auditors, we have no other relationships with, or interests in the Company.

### Unqualified Opinion

We have obtained all the information and explanations we have required.

### In our opinion

- proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- the attached financial statements:
  - comply with generally accepted accounting practice; and
  - give a true and fair view of the financial position of the Company as at 31 March 2008 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 8 May 2008 and our unqualified opinion is expressed as at that date.

*WHK Sherwin Chan & Walshe*

**WHK Sherwin Chan & Walshe**  
**Chartered Accountants**

# Financial Statements

for the year ended 31 March 2008

## Directors' Report

for the year ended 31 March 2008

In the opinion of the directors of Widespread Energy Limited, the financial statements and notes, on pages 2 to 27:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 31 March 2008 and the results of their operations and cash flows for the year ended on that date;
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements of Widespread Energy Limited for the year ended 31 March 2008.

For and on behalf of the Board of Directors:

Chris D. Castle



Director

8 May 2008

Keith Hindle



Director

8 May 2008

# Balance Sheet

for the year ended 31 March 2008

	Note	2008 \$	2007 \$
<b>Assets</b>			
Investments	9	509,212	55,212
Intangible assets	12	167,557	20,895
NZX Bond		15,000	15,000
<b>Total non-current assets</b>		<b>691,769</b>	<b>91,107</b>
Trade and other receivables		32,342	311,972
Investments	9	13,500	69,570
Current tax assets	8	11,626	8,376
Prepayments		1,750	43,866
Advance to Widespread Portfolios Limited		766	105,049
Cash and cash equivalents	11	500,066	661,338
<b>Total current assets</b>		<b>560,050</b>	<b>1,200,171</b>
<b>Total assets</b>		<b>1,251,819</b>	<b>1,291,278</b>
<b>Equity</b>			
Share capital	13	1,424,862	1,367,702
Accumulated Losses		(218,584)	(133,279)
<b>Total equity attributable to equity holders of the Company</b>		<b>1,206,278</b>	<b>1,234,423</b>
<b>Total equity</b>		<b>1,206,278</b>	<b>1,234,423</b>
<b>Liabilities</b>			
Trade and other payables		45,541	56,855
<b>Total liabilities</b>		<b>45,541</b>	<b>56,855</b>
<b>Total equity and liabilities</b>		<b>1,251,819</b>	<b>1,291,278</b>

The financial statements have been approved by the Board of Directors on 8 May 2008:



Chris D Castle  
Director



Keith Hindle  
Director

The notes on pages 15 to 27 are an integral part of these financial statements.

# Income Statement

## for the year ended 31 March 2008

	Note	2008 \$	2007 \$
<b>Continuing operations</b>			
<b>Revenue</b>			
<b>Gross profit</b>			
Finance income	6	94,346	86,305
Finance expenses	6	-	-
Net finance income		94,346	86,305
Administrative expenses	7	179,651	190,024
<b>Results from operating activities</b>		<b>(85,305)</b>	<b>(103,719)</b>
Profit/(loss) before income tax		(85,305)	(103,719)
Income tax expense	8	-	-
<b>Profit/(loss) from continuing operations</b>		<b>(85,305)</b>	<b>(103,719)</b>
<b>Earnings per share</b>			
Basic earnings per share (New Zealand cents)	14	(0.5865)	(1.4965)
Diluted earnings per share (New Zealand cents)	14	(0.3019)	(0.9960)

# Statement of Changes in Equity

## for the year ended 31 March 2008

	Note	2008 \$	2007 \$
Opening Equity as at 1 April		1,234,423	(4,560)
<b>Total Recognised revenues and expenses</b>			
Profit/(loss) for the year		(85,305)	(103,719)
Total recognised income and expense for the year		(85,305)	(103,719)
<b>Contributions from owners</b>			
Issue of shares	13	42,000	1,342,702
Issue of share options	13	15,160	-
Total Contributions from owners		57,160	1,342,702
<b>Closing Equity as at 31 March</b>		<b>1,206,278</b>	<b>1,234,423</b>

The notes on pages 15 to 27 are an integral part of these financial statements.

# Statement of Cash Flows

for the year ended 31 March 2008

	Note	2008 \$	2007 \$
<b>Cash flows from operating activities</b>			
Net interest received		37,247	13,101
Cash paid to suppliers		(183,726)	(202,710)
Exploration expenditure		(146,662)	(20,895)
Tax refund received		8,120	-
Net cash from/(used in) operating activities		(285,021)	(210,504)
<b>Cash flows from investing activities</b>			
Proceeds from sale of shares		111,830	158,717
Proceeds from related parties		104,283	(80,050)
Purchase of Investments		(464,408)	(219,642)
NZX Bond		-	(15,000)
Net cash from/(used in) investing activities		(248,295)	(155,975)
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		356,884	1,027,817
Proceeds from issue of share options		15,160	-
Net cash from/(used in) financing activities		372,044	1,027,817
Net (decrease)/increase in cash and cash equivalents		(161,272)	661,338
Cash and cash equivalents at 1 April		661,338	-
Cash and cash equivalents at 31 March	11	500,066	661,338

The notes on pages 15 to 27 are an integral part of these financial statements.

# Notes to the Financial Statements

## for the year ended 31 March 2008

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### 1. REPORTING ENTITY

Widespread Energy Limited (the “Company”) is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (“NZX”). The Company is an issuer in terms of the Financial Reporting Act 1993.

Widespread Energy Limited is a venture capital investor in the energy sector, directly and indirectly investing in oil and gas exploration opportunities. The Company derives income from interest and dividends.

The financial statements are prepared on the basis of historical cost.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. Compliance with NZ IFRS ensures that the financial statements also comply with International Financial Reporting Standards (“IFRS”).

This is the first reporting period where the NZ IFRS has been adopted. See Note 18 for the effects of transitional changes.

The financial statements were approved by the Board of Directors on 8 May 2008.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- “financial instruments at fair value through profit or loss” are measured at fair value
- “available-for-sale financial assets” are measured at fair value

The methods used to measure fair values are discussed further in note 4.

#### (c) Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Company’s functional currency.

#### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following note:

- Note 4(a) – valuation of unlisted investments.

### 3. SIGNIFICANT ACCOUNTING POLICIES

This is the first time the financial statements have been presented adopting NZ IFRS. For the purposes of these financial statements the accounting policies set out below have been applied consistently to all periods presented.

#### (b) Foreign Currency

##### FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

## **(b) Financial instruments**

### **NON-DERIVATIVE FINANCIAL INSTRUMENTS**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expense is discussed in note 3(e).

### **AVAILABLE-FOR-SALE FINANCIAL ASSETS**

The Company's long term investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

### **INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

An instrument is classified as at fair value through profit or loss if it is held for short term trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

### **OTHER**

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

### **INVESTMENTS IN EQUITY SECURITIES**

Investments in equity securities held by the Company are classified as available-for-sale.

The fair value of equity investments classified as available-for-sale is their quoted bid price at the balance sheet date. For equity investments which are unlisted, the fair value is based on Directors judgement of a fair market value. If fair value cannot be reliably measured, then unlisted investments are valued at cost.

### **RECEIVABLES**

Receivables are stated at their cost less impairment losses.

### **TRADE AND OTHER PAYABLES**

Trade and other payables are stated at cost.

### **SHARE CAPITAL**

#### **Ordinary shares**

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

## **(c) Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

## **(d) Intangible assets**

### **Exploration and evaluation assets**

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- (i) Sufficient data exists to determine technical feasibility and commercial viability, and
- (ii) Facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (c)).

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

#### **(e) Finance income and expenses**

Finance income comprises interest income on funds invested, dividend income, and gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except for trade receivables), and losses on the disposal of available-for-sale financial assets that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

#### **(f) Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **(g) Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options.

#### **(h) Segment reporting**

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

### **4. DETERMINATION OF FAIR VALUES**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### **(a) Investments in equity and debt securities**

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is

determined by reference to their quoted bid price at the reporting date. For equity investments which are unlisted, the fair value is based on directors' judgement of a fair market value. If fair value cannot be reliably measured, then unlisted investments are valued at cost.

**(b) Receivables**

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

**5. SEGMENT REPORTING**

Segment information is presented in respect of the Company's business and geographical segments. The Company has two business segments being investment in exploration (oil and gas) companies and exploration in oil and gas.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**Geographical segments**

The investment segment operates in two principal geographical areas, New Zealand and Other.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of investments. Segment assets are based on the geographical location of the assets.

Business Segments	Investment in Exploration Companies		Exploration		Total	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
Total segment revenue	94,346	86,305	-	-	94,346	86,305
Segment result	(15,941)	(103,719)	(69,364)	-	(85,305)	(103,719)
Segment assets	1,084,262	1,270,383	167,557	20,895	1,251,819	1,291,278

Geographical Segments	New Zealand		Other		Total	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
Interest revenue	94,346	86,305	-	-	94,346	86,305
Other revenue	4,915	-	40,437	63,854	45,352	63,854
Total revenue	53,909	22,451	40,437	63,854	94,346	86,305
Segment assets	1,196,607	1,166,496	55,212	124,782	1,251,819	1,291,278

**6. FINANCE INCOME AND EXPENSE**

	2008 \$	2007 \$
Interest income on bank deposits	48,994	22,450
Net gain on disposal of financial assets designated at fair value through profit or loss	40,437	30,696
Net change in fair value of financial assets designated at fair value through profit or loss	3,092	33,159
Net foreign exchange gains	1,823	-
Finance income	94,346	86,305
Finance expense	-	-
<b>Net finance income</b>	<b>94,346</b>	<b>86,305</b>

7. ADMINISTRATIVE EXPENSES	2008	2007
	\$	\$
The following items of expenditure are included in administrative expenses		
Auditor's remuneration to WHK Sherwin, Chan & Walshe comprises:		
audit of financial statements	9,375	8,100
preparation of tax return	1,000	-
other audit-related services	550	-
Total auditor's remuneration	10,925	8,100
Accountancy	4,760	1,570
Bank charges	168	81
Consultancy fees	56,736	61,779
Directors' fees	20,000	-
General expenses	4,165	100
Legal fees	12,627	43,264
Listing fees	10,060	25,719
Management fees	40,218	29,656
Registry fees	7,364	15,534
Travel expenses	12,628	4,221
<b>Total Administration expenses</b>	<b>179,651</b>	<b>190,024</b>

Other audit-related services include services for the audit or review of financial information other than financial reports including prospectus reviews and other audits required for local regulatory purposes.

8. INCOME TAX EXPENSE IN THE INCOME STATEMENT	2008	2007
	\$	\$
Reconciliation of effective tax rate		
Profit/(loss) for the year	(85,305)	(103,719)
Total income tax expense	-	-
Profit/(loss) excluding income tax	(85,305)	(103,719)
Income tax using the Company's domestic tax rate (33%)	(28,151)	(34,227)
<i>Tax effect of:</i>		
Non-deductible expenses	11,654	27,248
Tax exempt income	(13,344)	(25,556)
Losses forfeited as Shareholder Continuity Test not met	-	25,873
Recognition of previously unrecognised tax losses	(13,538)	(6,876)
Current year losses for which no deferred tax is recognised	43,379	13,538
<b>Income tax expense</b>	<b>-</b>	<b>-</b>
<i>Comprising</i>		
Current tax	-	-
Deferred tax	-	-
<b>Income tax expense</b>	<b>-</b>	<b>-</b>
<i>The current tax asset consists of:</i>		
Current income tax charge	-	-
Resident withholding tax paid	11,370	8,376
Transfer from other years	256	-
<b>Current tax asset</b>	<b>11,626</b>	<b>8,376</b>
<b>Imputation credit account</b>		
Imputation credits at 1 April	8,120	-
Resident Withholding tax deducted	11,370	8,376
New Zealand tax payments, net of refunds	(8,120)	-
Other debits	-	(256)
<b>Imputation credits at 31 March</b>	<b>11,370</b>	<b>8,120</b>

The closing balance represents imputation credits available to be attached to any future distributions from the Company's reserves, subject to certain shareholder continuity provisions.

9. OTHER INVESTMENTS	2008 \$	2007 \$
Non-current investments		
Available-for-sale financial assets	509,212	55,212
Current investments		
Financial assets designated at fair value through profit or loss	13,500	69,570

## 10. DEFERRED TAX ASSETS AND LIABILITIES

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses amounting to \$131,451 (2007: \$41,025). The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these losses because the timing of future taxable income against which the Company can utilise the benefits of the losses is uncertain.

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2008 \$	2007 \$
Non-current investments	50,267	6,895
Current investments	928	-
Trade and other payables	(1,500)	(1,856)
Tax losses	(49,695)	(5,039)
	-	-

## 11. CASH AND CASH EQUIVALENTS

	2008 \$	2007 \$
Bank balances	43,946	334,013
Call deposits	456,120	327,325
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>500,066</b>	<b>661,338</b>

The effective interest rate on call deposits in 2008 was 8.30 percent (2007: 7.23 percent). The deposits had an average maturity of 30 days (2007: 30 days).

## 12. INTANGIBLE ASSETS

Exploration and evaluation	2008 \$	2007 \$
Kotuku	125,022	20,895
Off shore West	36,138	-
Chatham Rise	6,397	-
<b>Total Exploration and evaluation costs</b>	<b>167,557</b>	<b>20,895</b>

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

13. CAPITAL AND RESERVES	Share capital \$	Accumulated losses \$	Total \$
Reconciliation of movement in capital and reserves			
Balance at 1 April 2006	25,000	(29,560)	(4,560)
Total recognised income and expense	–	(103,719)	(103,719)
Issue of ordinary shares	1,342,702	–	1,342,702
<b>Balance at 31 March 2007</b>	<b>1,367,702</b>	<b>(133,279)</b>	<b>1,234,423</b>
Balance at 1 April 2007	1,367,702	(133,279)	1,234,423
Total recognised income and expense	–	(85,305)	(85,305)
Issue of ordinary shares	42,000	–	42,000
Issue of share options	15,160	–	15,160
<b>Balance at 31 March 2008</b>	<b>1,424,862</b>	<b>(218,584)</b>	<b>1,206,278</b>

#### Share capital

	Ordinary shares	
	2008 \$	2007 \$
On issue at 1 April	14,306,925	3,250,000
Shares consolidation 4:1	–	(2,437,500)
Issued for cash	420,000	13,494,425
<b>On issue at 31 March</b>	<b>14,726,925</b>	<b>14,306,925</b>

All issued shares are fully paid and have no par value.

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

#### Share options granted

	Share Options	
	2008 \$	2007 \$
On issue at 1 April	13,494,425	–
Options granted to subscribers of issued capital	–	13,494,425
Options issued for cash	379,000	–
<b>On issue at 31 March</b>	<b>13,873,425</b>	<b>13,494,425</b>

Each option entitles the holder to subscribe for one ordinary share. The exercise price of the options is 10 cents. The options expire on 30 June 2011.

#### 14. EARNINGS PER SHARE

##### Basic earnings per share

The calculation of basic earnings per share at 31 March 2008 was based on the profit attributable to ordinary shareholders of \$(85,305) (2007: \$(103,719)) and a weighted average number of ordinary shares outstanding of 14,544,466 (2007: 6,930,993), calculated as follows:

	2008 \$	2007 \$
Profit attributable to ordinary shareholders		
Net profit/(loss) for the year	(85,305)	(103,719)

	2008 \$	2007 \$
Weighted average number of ordinary shares		
Issued ordinary shares at 1 April	14,306,925	3,250,000
Effect of share consolidation June 06	–	(1,836,473)
Effect of shares issued June 06	–	2,306,135
Effect of shares issued August 06	–	2,417,890
Effect of shares issued September 06	–	328,833
Effect of shares issued February 07	–	328,279
Effect of shares issued March 07	–	136,329
Effect of shares issued September 07	237,541	–
Weighted average number of ordinary shares at 31 March	<u>14,544,466</u>	<u>6,930,993</u>

#### Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2008 was based on profit attributable to ordinary shareholders of \$(85,305) (2007: \$(103,719)) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 28,253,243 (2007: 10,413,933), calculated as follows:

	2008 \$	2007 \$
Profit attributable to ordinary shareholders (diluted)		
Issued ordinary shares at 1 April	14,306,925	3,250,000
Net profit/(loss) attributable to ordinary shareholders (basic)	(85,305)	(103,719)
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic)	14,544,466	6,930,993
Effect of share options on issue	13,708,777	3,482,940
Weighted average number of ordinary shares (diluted) at 31 March	<u>28,253,243</u>	<u>10,413,933</u>

## 15. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate, foreign currency, equity prices and liquidity risks arise in the normal course of the Company's business.

#### Foreign currency risk

The Company is exposed to foreign currency risk on investments that are denominated in a currency other than the Company's functional currency, New Zealand dollars (\$), which is the presentation currency of the Company. The currencies, in which some transactions are denominated in, include Canadian dollars (CAD) and Fijian dollars (FJD). It is the Company's policy not to hedge foreign currency risks.

	CAD \$	FJD \$
2008		
Foreign currency risk		
Investments	–	55,212
2007		
Foreign currency risk		
Investments	69,570	55,212

#### Market risk

##### Equity Price risk

The Company will invest in some opportunities in the energy sector that are in an iconic stage of development and which may not be successful.

Even if these investments are initially successful there is a risk that energy prices might fall and these investments could fail as a result.

The Company will invest part of its venture capital in the early stages of projects that will need very large sums of money to become commercially successful. Even if the early results are successful, if sourcing the subsequent capital required for the next stages of these projects is not achieved then the Company could lose its entire investment.

The Company may invest in unlisted, un-traded, privately owned opportunities that cannot easily be sold. As such, these investments will not provide the exit options that would be available were the Company to invest only in stock exchange listed opportunities.

There is a risk that whilst the underlying performance of the Company and its investments may be quite successful, this may not be reflected in the share price of the Company, meaning that the returns experienced by an individual shareholder may differ from the underlying performance of the Company.

There is a risk that the Company is unable to perform its business activities described above, due to no or too few investment opportunities being identified which satisfies the Company's investment criteria.

The Company has no employees and is reliant on its key personnel, being its directors and advisers, to identify suitable investment opportunities.

An active trading market may not develop for the Shares and Options in the Company.

These risks are actively minimised by the following strategies:

- Investments will be financed solely from equity sources (the Company will have no borrowings);
- The Company will avoid investing in projects with open ended liabilities;
- Investments will be well researched before acquisition;
- There will be frequent monitoring of the portfolio and market conditions generally;
- There will be continuous ongoing assessment of investments in the context of other investment opportunities available.

Other investments of the Company relate to:

Non-current investments

Equity securities available-for-sale

	2008	2007
	\$	\$
Equity securities available-for-sale	509,212	55,212

Equity securities relate to investments in common stock of entities of privately held companies.

### Liquidity risk

Liquidity risk represents the Company's ability to meet its financial obligations. It is the Company's policy to maintain sufficient cash reserves at all times to meet its obligations arising from its financial liabilities.

### Capital management

The Company's capital includes share capital, reserves, and accumulated losses.

The Company is not subject to any externally imposed capital requirements.

The allocation of capital between its specific business segments operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Company's management of capital during the period.

### Sensitivity analysis

In managing currency risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in foreign exchange will have an impact on profit.

It is estimated that a general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have decreased the Company's profit before income tax by approximately \$1,100 for the year ended 31 March 2008 (2007: \$500).

## Classification and fair values

The fair value of all financial instruments is deemed to be their carrying value except for unlisted investments that are carried at cost as fair value cannot be reliably measured.

2008	Designated at fair value	Loans and receivables	Available for sale	Other liabilities	Total carrying amount
Assets	\$	\$	\$	\$	\$
Other investments	-	-	509,212	-	509,212
NZX Bond	-	15,000	-	-	15,000
<b>Total non-current assets</b>	-	15,000	509,212	-	524,212
Investments	13,500	-	-	-	13,500
Trade and other receivables	-	33,342	-	-	33,342
Advance to Widespread Portfolios Ltd	-	766	-	-	766
Cash and cash equivalents	-	500,066	-	-	500,066
<b>Total current assets</b>	13,500	534,174	-	-	547,674
<b>Total assets</b>	13,500	549,174	509,212	-	1,071,886
<b>Liabilities</b>					
Trade and other payables	-	-	-	45,541	45,541
<b>Total current liabilities</b>	-	-	-	45,541	45,541
<b>Total liabilities</b>	-	-	-	45,541	45,541
<b>2007</b>					
<b>Assets</b>					
Other investments	-	-	55,212	-	55,212
NZX Bond	-	15,000	-	-	15,000
<b>Total non-current assets</b>	-	15,000	55,212	-	70,212
Investments	69,570	-	-	-	69,570
Trade and other receivables	-	311,972	-	-	311,972
Advance to Widespread Portfolios Ltd	-	105,049	-	-	105,049
Cash and cash equivalents	-	661,338	-	-	661,338
<b>Total current assets</b>	69,570	1,078,359	-	-	1,147,929
<b>Total assets</b>	69,570	1,093,359	55,212	-	1,218,141
<b>Liabilities</b>					
Trade and other payables	-	-	-	56,855	56,855
<b>Total current liabilities</b>	-	-	-	56,855	56,855
<b>Total liabilities</b>	-	-	-	56,855	56,855

16. RECONCILIATION OF THE PROFIT FOR THE PERIOD WITH THE NEW CASH FROM OPERATING ACTIVITIES	2008 \$	2007 \$
Profit for the year	(85,305)	(103,719)
Adjustments for:	(40,437)	(30,695)
Gains on sale of financial assets at fair value through profit & loss		
Unrealised gains on financial assets at fair value through profit & loss	(3,092)	(33,159)
Net foreign exchange gain	(1,823)	-
Change in advance from related parties	-	(26,935)
Change in trade and other receivables	(31,370)	(973)
Change in prepayments	38,232	(39,982)
Change in current tax assets	(3,250)	(8,376)
Change in trade and other payables	(11,314)	54,230
Change in exploration expenditure	(146,662)	(20,895)
<b>Net cash from operating activities</b>	<b>(285,021)</b>	<b>(210,504)</b>

## 17. RELATED PARTIES

Directors of the Company control 3 percent of the voting shares of the Company, directly.

### Widespread Portfolios Limited

The Directors of Widespread Energy Ltd are commonly Directors in Widespread Portfolios Limited, which through its subsidiary; Mineral Investments Limited has a 26.2 percent (2007: 26.4%) shareholding in Widespread Energy Limited.

The aggregate value of transactions and outstanding balances which they have control or significant influence were as follows:

		Transaction value year ended 31 March		Balance outstanding as at 31 March	
		2008 \$	2007 \$	2008 \$	2007 \$
<b>Directors</b>	<b>Transactions</b>				
C Castle, K Hindle & M Franks	Investment & management services	40,219	29,656	13,094	6,406

The Company used Widespread Portfolios Limited, a company in which Mr C Castle, Mr K Hindle & Ms M Franks are directors, for investment and management services on an as required basis. Amounts were billed based on normal market rates for such services on a quarterly basis and were due and payable under normal payment terms.

### Widespread Limited

		Transaction value year ended 31 March		Balance outstanding as at 31 March	
		2008 \$	2007 \$	2008 \$	2007 \$
<b>Directors</b>	<b>Transactions</b>				
C Castle, K Hindle & M Franks	Loans	104,283	(80,049)	766	105,049

The Directors of Widespread Energy Ltd are also commonly Directors in Widespread Limited. The loan was interest free and repayable on demand.

18. EXPLANATION OF TRANSITION TO NZ IFRS	Previous GAAP \$	Effect of transition to NZ IFRS \$	NZ IFRS 2007 \$
<b>Reconciliation of equity</b>			
Assets	55,212	–	55,212
Investments			
Exploration expenditure	20,895	–	20,895
<b>Total non-current assets</b>	<b>76,107</b>	<b>–</b>	<b>76,107</b>
Investments	36,411	33,159	69,570
Prepayments	43,866	–	43,866
NZX Bond	15,000	–	15,000
Current tax assets	8,376	–	8,376
Receivables	311,972	–	311,972
Advance to Widespread Portfolios Limited	105,049	–	105,049
Cash and cash equivalents	661,338	–	661,338
<b>Total current assets</b>	<b>1,182,012</b>	<b>33,159</b>	<b>1,125,171</b>
<b>Total assets</b>	<b>1,258,119</b>	<b>33,159</b>	<b>1,291,278</b>
<b>Equity</b>			
Share capital	1,367,702	–	1,367,702
Reserves	–	–	–
Retained Earnings	(166,438)	33,159	(133,279)
<b>Total equity attributable to equity holders of the Company</b>	<b>1,201,264</b>	<b>33,159</b>	<b>1,234,423</b>
<b>Total equity</b>	<b>1,201,264</b>	<b>33,159</b>	<b>1,234,423</b>
<b>Liabilities</b>			
Trade and other payables	105,049	–	105,049
<b>Total current liabilities</b>	<b>56,855</b>	<b>–</b>	<b>56,855</b>
<b>Total liabilities</b>	<b>56,855</b>	<b>–</b>	<b>56,855</b>
<b>Total equity and liabilities</b>	<b>1,258,119</b>	<b>33,159</b>	<b>1,291,278</b>
<b>Reconciliation of profit</b>			
Revenue	–	–	–
Gross profit	–	–	–
Finance income	53,146	33,159	86,305
Finance expenses	–	–	–
Net finance income	53,146	33,159	86,305
Administrative expenses	(190,024)	–	(190,024)
Results from operating activities	(136,878)	33,159	(103,719)
Profit/(loss) before income tax	(136,878)	33,159	(103,719)
Income tax expense	–	–	–
<b>Profit/(loss) for the year</b>	<b>(136,878)</b>	<b>33,159</b>	<b>(103,719)</b>
<b>Earnings per share</b>			
Basic earnings per share (New Zealand cents)	(1.9749)	(0.4784)	(1.4965)
Diluted earnings per share (New Zealand cents)	(1.3144)	(0.3184)	(0.9960)

Explanation of material adjustments to the cash flow statement for 2007

There are no material differences between the cash flow statement presented under NZ IFRS and the cash flow presented under the previous GAAP.

Notes to the reconciliation of equity and profit

(i) Consistent with the Company's accounting policy, investments have been recognised at fair value at the date of transition to NZ IFRS. Under previous GAAP, investments were measured on a cost basis.

There are no material differences between equity as presented under NZ IFRS and previous GAAP on the date of conversion to NZ IFRS (1 April 2006).

# Shareholder Information

## Stock exchange listing

The Company's ordinary shares are listed on the New Zealand Stock Exchange.

## Distributions of security holders and security holdings as at 5 May 2008

Size of Holding	Number of Security Holders	Number of Securities
1-1,000	2	1,500
1,001-5,000	30	100,942
5,001-10,000	21	135,139
10,001-50,000	110	2,448,445
50,001-100,000	11	751,619
100,000+	22	11,289,280

## Geographic Distribution

New Zealand	188	14,661,612
Australia	1	2,188
Rest of world	7	63,125

## 20 Largest Registered Holders of Securities

	Ordinary	%
Mineral Investments Limited	3,540,870	24.04
Tasman Portfolio Limited	2,000,000	13.58
Leveraged Equities Finance Limited	620,000	4.21
PW Hall	500,000	3.39
Golden Horseshoe Investments Limited	470,000	3.19
Geosphere Limited	452,000	3.07
Talisman No.1 Trust	421,250	2.86
Beggs No.2 Trust	420,000	2.85
CD Castle	390,228	2.65
The Common Family Trust	328,750	2.32
Widespread Portfolios Limited	317,084	2.15
N Paviour-Smith	270,000	1.83
McCarrison Family Trust	224,523	1.52
SM Pollard	224,025	1.52
TJN Beyer	210,000	1.43
607 Nominees Limited	201,747	1.37
JA Sheridan	200,000	1.36
B Hira	200,000	1.36
PW Brooks	178,750	1.21
DD Kelly & KA Hutchins	120,000	0.82

## Substantial Security Holder Disclosure

### Section 35F, Securities Markets Act 1988

According to notices given under the Securities Markets Act 1988 the following persons were substantial security holders of Widespread Energy Limited as at Friday, 23 May 2008:

Name	Number of Securities
<b>Ordinary Shares</b>	
Widespread Portfolios Limited	3,857,954
Tasman Portfolio Limited	2,000,000
<b>Total Number of Ordinary Shares on Issue:</b>	<b>14,726,925</b>
<b>Options*</b>	
Widespread Portfolios Limited	3,713,870
Tasman Portfolio Limited	2,000,000
<b>Total Number of Options on Issue:</b>	<b>13,873,425</b>

\* Each option is exercisable by the holder into 1 ordinary share for an exercise price of \$0.10 per option (as at 1 December 2007). Options confer voting rights in the same manner as ordinary shares.

## Director Shareholdings

Director Shareholdings as at Friday, 23 May 2008 were:

Director name	Relevant interest in shares	Relevant interest in options
C. D. Castle*	390,228	575,000
M. R. Franks*	26,563	20,000
K. T. Hindle*	8,750	0

\* Are each also directors of Widespread Portfolios Limited which holds 3,857,954 shares and 3,733,870 options of the Company as at 23 May 2008.



