GTL RESOURCES PLC

ANNUAL REPORT AND ACCOUNTS 2011

Registered Number 2811366

FINANCIAL HIGHLIGHTS

- Revenue ıncreased 21% to $261 4 mıllıon (Fıscal Year ("FY") 2010 $216 6 mıllıon)
- Average commodıty margın decreased 6% to $0 58/gallon (FY 2010 $0 62/gallon)
- EBITDA 10% lower at $30 4 mıllıon (FY 2010 EBITDA $33 9 mıllıon)
- Pre-tax profıt of $12 0 mıllıon (FY 2010 $14 5 mıllıon)
- Net debt balance of $83 4 mıllıon at 31 March 2011 reflects a reductıon of $14 4 mıllıon durıng the perıod (31 March 2010 $97 8 mıllıon)

OPERATIONAL HIGHLIGHTS

- Sold 110 4 million gallons of ethanol during the period (7 2% increase over FY 2010 103 million gallons) Running production at 110 – 115 million gallons per annum (mgpa)
- Shipped 297,000 tons of dried distillers' grains with solubles ("DDGS") during the period (5% increase over FY 2010 283,000 tons)
- Continued positive ethanol yield and natural gas usage trends
- Received final reimbursement for property damage and lost profits relating to the insurance claim from the October 2009 fire incident Settled claim in full
- Successfully ran food grade zein protein samples from GTL's new pilot facility in Rochelle, IL Executed a collaboration agreement with our development partner, Prairie Gold, Inc
- Began construction of a steam turbine that will generate roughly 25% of Illinois River Energy's ("IRE") electricity needs and reduce annual operating costs at IRE
- Constructed a new corn processing and storage area at IRE consisting of a stand-alone corn milling facility and a 330,000 bushel steel corn storage bin that was completed in May of 2011

CHAIRMAN'S STATEMENT

I am pleased to report GTL Resources PLC's ("GTL") results for the year ended 31 March 2011 The Group made pre-tax profits of $12 0 million This was achieved on a 21% increase in revenue to $261 4 million (FY 2010 $216 6 million) Basic earnings per share were $0 19 (FY 2010 $0 40) after recording a FY 2011 non-cash income tax provision of $4 1 million vs an income tax benefit of $0 2 million in FY 2010 Importantly, interest-bearing debt was reduced by $20 million during the year ended 31 March 2011

These financial results were achieved during some difficult market conditions During several months of our financial year, market margins were very weak and sometimes negative Against that backdrop, our team consistently delivered better margins than were generally available in the market This emphasises the strength of our team and the locational advantages of our plant

The performance for the Group was helped by increased production and efficiencies at IRE, the Group's ethanol plant in Rochelle, Illinois, but hindered by a lower commodity margin environment Commodity margins of $0 58/gallon in FY 2011 were down when compared with $0 62/gallon the previous year The average selling price of ethanol in FY 2011 of $1 97/gallon was higher than the FY 2010 average of $1 71/gallon, but the increase was more than offset by the increase in the average cost of corn in FY 2011 of $4 61/bushel vs the average FY 2010 cost of $3 65/bushel Commodity margins were affected by a lower than expected corn harvest, feed grain crop failures outside the US, weaker demand brought about by lower gasoline (petrol) consumption and slowing ethanol penetration into the gasoline pool as penetration levels approached the ten percent "blend wall"

On 14 October 2010 and on 21 January 2011, the US Environmental Protection Agency ("USEPA") ruled it would permit gasoline blends with up to 15 percent ethanol ("E15") for model year 2001 and newer vehicles, a 50% increase from the previous limit of 10 percent and the first key step in lifting the blend wall These model year vehicles represent approximately two-thirds of US gasoline demand The impact of this development bodes well for future years after retailers make the infrastructure changes necessary to sell E15 and lift the blend wall

Operational performance at IRE continues to be excellent The IRE team averaged a run rate of 111 mgpa of denatured ethanol produced, which is a significant improvement over prior year's production of 102 mgpa This strong performance was achieved in large part from IRE's continued commitment to process improvement projects that were successfully implemented throughout the year

GTL is focused on becoming a premier bio-refining company To that end, GTL is continually seeking to develop and commercialize new technologies that increase revenues and enhance margins, both directly and in collaboration with technology partners Currently, construction is underway on a steam turbine generator that will supply 25% of the electricity needed to run the IRE plant in Rochelle, Illinois by using excess mechanical energy in steam the plant already produces In addition, GTL is continuing its partnership with Prairie Gold, Inc to commercialise patented technology to extract a high value protein by-product from corn The partnership's pilot plant operations, on-site in Rochelle, are entering a second year of operation GTL management believes projects to improve plant efficiencies and create additional high-value products, will transform the GTL asset base into the premier bio-refining asset base in the industry To this end, the Group will continue to seek out new partners, work with existing partners, and selectively invest in the development of new viable technologies aimed at diversifying and enhancing profitability These investments are critical to the future success of GTL and will allow GTL to achieve its vision

The GTL and IRE teams are the backbone of this organisation and these results could not have been achieved without each and every one of them The Board would like to thank all our team members for their continued support and hard work in achieving these fine results

JULIA HENDERSON
Non-Executive Chairman

BUSINESS AND FINANCIAL REVIEW

BUSINESS REVIEW

IRE sold 110 million gallons of denatured ethanol in FY 2011 versus prior period sales of 103 million gallons and nameplate capacity of 97 million gallons Plant operational efficiencies also improved IRE's denatured ethanol yield per bushel of corn was 2 82 gallons versus 2 80 gallons in the prior period Natural gas usage decreased in FY 2011 to 28,360 Btu's per denatured gallon from 29,384 Btu's per denatured gallon in FY 2010 These improvements resulted from management's continuous improvement program focused on constraint elevation, waste elimination, and up time

In early 2009, temporary repairs were made to the damaged concrete silo structure at IRE to ensure continued safe operation of corn storage and milling Nevertheless, since retained experts at IRE advised that the structural integrity of the silo structure was permanently compromised, and given that the litigation's slow pace was increasing the risk that the temporary repairs may fail, IRE management determined that it would be prudent to advance the construction of a replacement corn storage and milling system The new storage and milling facilities, which include a standalone corn milling building and a 330,000 bushel corn storage bin, mitigate the risk of failure and downtime by providing corn processing capability that can function independently from the damaged facilities The project was completed and operational as of May 2011 The project cost of $5 4 million was funded by IRE's existing restricted cash reserves, set aside specifically for this important risk mitigation Management believes, however, that property damage alone is substantially higher than the cost of this partial solution Complete recovery of all damages from the defendants in the litigation is being pursued

IRE COMMERCIAL PERFORMANCE

For the period, IRE's commodity margin on sales of $0 58/gallon was $0 04/gallon lower than the prior year, but $0 06/gallon higher than IRE's local market The commodity margin, defined as the net ethanol and DDGS price realization less the net corn and natural gas consumption costs, is IRE's key measure of commercial performance

IRE's commodity margin outperformance versus market was mainly due to our commercial team's performance in selling ethanol and buying corn and natural gas on a daily basis, and to slightly higher DDGS net price realisation versus market IRE controls risk by strict adherence to its risk management policy which is focused on limiting commodity market exposure risk

Unlike some of GTL's competitors, IRE did not choose to fix margins forward significantly for its fourth fiscal quarter ending 31 March 2011 Rather, IRE's locational advantages of being near both the large Chicago market for ethanol and a Rochelle intermodal container shipment facility, which is used to ship a majority of our DDGS to Asian markets, provided additional steady structural advantages sufficient to weather the difficult margin environment during that quarter

BUSINESS AND FINANCIAL REVIEW

KEY PERFORMANCE INDICATORS

	Year ending 31 Mar 2011	Year ending 31 Mar 2010	% Change	FY2011 Nameplate or Local Market
Production (mil denatured gals)	**111**	102	9%	**97**
Ethanol yield (den gals /bushel)	**2.82**	2 80	1%	**2.72**
Natural Gas usage (Btu/den gal)	**28,360**	29,384	-3%	**35,618**
Commodity Margin ($/gal)	**$0.58**	$0 62	-6%	**$0.52**
Ethanol price ($/gal)	**$1.97**	$1 71	15%	**$1.96**
Corn net price ($/bushel)	**$4.61**	$3 65	26%	**$5.03**
DDGS price ($/ton)	**$146 19**	$130 71	12%	**$143**

LEGISLATIVE AND REGULATORY DEVELOPMENTS

As GTL announced on 14 October 2010, the USEPA ruled it would now permit gasoline blends with up to 15 percent ethanol (E15), a 50% increase from the previous limit of 10 percent, for model year 2007 and newer vehicles Then, in January 2011, the USEPA also ruled on allowing up to E15 for 2001 – 2006 model year vehicles Combined, these model year vehicles represent approximately two-thirds of US gasoline demand Even though vested interest parties are trying to oppose the USEPA in these matters, over time we expect gradual adoption at the retail level This should effectively lift the "ethanol blend wall" and allow ethanol blending in the US to reach levels high enough to absorb all the potential output of existing corn ethanol production capacity and to reach the levels required under the Renewable Fuels Standard (RFS2)

In calendar 2011, RFS2 calls for baseline renewable fuels (corn based ethanol) to rise to 12 6 billion gallons, up from 12 0 billion gallons in calendar 2010 In following years, baseline renewable fuels are required to rise 0 6 billion gallons per annum, up to 15 0 billion gallons by 2015 and thereafter With this forecasted steady increase in annual demand, and with relatively little new capacity under construction and a limited capability for existing plants to creep capacity higher, GTL expects ethanol capacity utilisation should also increase in the future

An additional legislative development for the ethanol industry was the extension of the Volumetric Ethanol Excise Tax Credit ("VEETC"), otherwise known as the "blender's credit" of 45 cents/gallon and the secondary ethanol import tariff of 51 cents/gallon Although the extension is only for one year and is set to expire 31 December 2011, it is serving the purpose of buying time for US legislators to negotiate, in the context of a comprehensive review of US energy policy, a multi-year, gradual transition to an eventual sunset of the provision Removing this tax credit completely at this time makes little sense if the US expects to reduce its dependency on foreign oil

CURRENT TRADING AND PROSPECTS

Commodity margins in the US ethanol industry for the first few months of calendar 2011 have tracked seasonal patterns of recent years Gasoline (petrol) demand typically ebbs in the winter and early spring followed by increasing demand in the late spring and summer months Ethanol commodity margins tend to track closely to gasoline demand, which drives ethanol industry capacity utilisation We expect the historical seasonal trend in commodity margins to continue in FY 2012

On the supply side, there is relatively little new capacity growth coming on-line in calendar years 2011 and 2012 and limited capacity creep from existing facilities Demand is mandated to increase 0 6 billion gallons per year up to 15 billion gallons per year in 2015 This bodes well for tightening industry capacity utilisation going forward

Another significant force on ethanol demand, and hence industry margins, is the "blend wall" At current price levels, there is a significant incentive for blenders to use ethanol above the mandated levels The current US Clean Air Act limit on the ethanol content in a given gallon of finished gasoline, however, is 10% Across the industry as a whole, the equivalent of almost

BUSINESS AND FINANCIAL REVIEW

94% of gasoline is already at this maximum blend level The remaining 6% opportunity is in remote or small markets for which infrastructure costs to enable ethanol blending are high Growing demand through these channels will be slow and difficult To significantly grow ethanol demand, the 10% blend wall needs to be addressed through further changes in the federal and state gasoline standards to fully allow for higher level blends as mentioned in the Regulatory section Due to the time required to retrofit the supply chain up to 15% blend levels, positive regulatory action should only have a gradual impact on near term demand

In summary, GTL expects industry capacity utilisation to slowly tighten over the upcoming year

However, as higher ethanol blend levels work their way into the market in the near future, ultimately supply versus demand will further tighten, and ethanol margins should benefit

FUTURE OUTLOOK

US Corn plantings for the 2011-2012 harvest started late in the season due to wet, cold weather This could translate to fewer planted acres and lower yields, however, it is too soon to accurately predict how much corn will be produced compared with the nearly record volumes expected The fall 2010-2011 harvest turned out to be less than initially anticipated and current reserves are, consequently, very low Both factors are leading to upward pressure on corn prices that are expected to persist throughout the year

Longer-term, it is expected that worldwide agricultural commodity markets will recover from the current tightness brought about by adverse weather in many key growing regions of the world Although there is long-term growth in demand due to population and dietary improvement in the developing world, there is also growth in production due to improved seed genetics and agricultural practices Although there may be difficult years from time-to-time due to weather anomalies, GTL believes that there is no long-term structural shortage of grain for food, feed, and fuel

Energy prices are also stubbornly high by historical standards With continued demand growth in developing economies, instability in key crude oil producing countries, and large investment capital flows into (and out of) commodities, energy prices are likely to remain high long-term, thereby supporting corn prices but also ensuring that biofuels such as corn based ethanol remain a value to blenders in the gasoline pool

GTL IS COMMITTED TO GROWTH

GTL is cementing relationships with its partners and using its resources to identify alternative revenue streams to move the Group to the next phase in their growth plan, becoming a diversified bio-refinery

Expansion into new markets and alternative revenue streams are critical elements to future success for GTL GTL is in its second year of development with Prairie Gold, Inc ("PGI") to ultimately commercialize a patented process for extracting zein protein from corn flour Zein protein is a high value by-product that has potential applications in food and pharmaceuticals as an edible, biodegradable coating and encapsulate GTL has entered into an exclusive collaboration agreement with PGI to commercialize a protein extraction process that will produce a food grade by-product from corn without any loss to the ethanol production capacity The goal is to provide a diversified mix of products in order to withstand the fluctuations in ethanol and corn prices by developing new technologies and high-value co-products from what is normally the low-value feed portion of the corn sold as DDGS

GTL is constructing a facility at the IRE site for a Combined Heat and Power ("CHP") project A CHP system will reduce utilities costs and add to the IRE facility's already strong competitive standing in the industry as the closest bio refinery to the Chicago fuels market CHP is a proven efficiency technology that employs an existing underutilised fuel source to cogenerate process heat and electricity The CHP system will use IRE's existing boilers high-pressure steam to turn the steam turbine and generate approximately 2 5 megawatts of electricity The electricity produced is expected to replace roughly 25% of the total electric load of the bio refinery that is currently purchased from the local utility at higher costs

BUSINESS AND FINANCIAL REVIEW

To support GTL's growth agenda, GTL added a new member to the executive team Jeffrey Lemajeur joined GTL as Chief Financial Officer and Treasurer in October of 2010 Jeff has previously served as Chief Financial Officer of three publicly traded companies, starting in 1991, all of which were larger than GTL is currently Jeff has been involved in numerous acquisitions, integrations and capital transactions to finance acquisitions which should benefit GTL as it grows

FINANCIAL REVIEW

Turnover for the period of $261 4 million was generated by ethanol and DDGS sales Ethanol sales of 110 4 million gallons were made at an average price of $1 97 per gallon, resulting in revenues of $218 0 million representing 83 4% of revenue The sales increase of $38 4 million over FY 2010 revenue of $179 6 million was due to a higher average sales price per gallon of $29 million and increased volume of $9 4 million FY 2011 DDGS of 297 thousand tons at an average gross sales price of $146 19 per ton resulted in revenues of $43 4 million This was up over FY 2010 revenues of $36 9 million by $6 5 million due to higher gross price per ton of $4 6 million and increased volume of $1 9 million

Cost of sales of $223 4 million includes total variable costs of $213 2 million, plant fixed operating expenses of $6 5 million, and freight and marketing fees of $3 7 million Corn and natural gas represent 91% of the total variable costs Corn expense of $180 2 million was up $44 8 million from the FY 2010 amount of $135 4 million The increase in corn expense was primarily due to higher average costs per bushel ($4 61/bushel in FY 2011 versus $3 65/bushel in FY 2010) of $37 7 million and higher production volume of $7 1 million for the period Natural gas expense of $13 8 million was $1 5 million higher than the FY 2010 amount of $12 3 million This increase was due to higher unit rates of $0 8 million and volume increases due to higher production of $0 7 million

Administrative expenses of $21 5 million were $2 0 million higher than FY 2010 Administrative expense includes depreciation, loss on disposal of assets, plant administrative expenses, and corporate overhead costs The increase was primarily due to professional fees which increased by $1 5 million to forward GTL's strategic initiatives

Administrative – exceptional was $1 7 million of income in FY 2011 compared to $1 5 million of income in FY 2010 Both exceptional income items related to business interruption proceeds as a result of the fire at IRE in October of 2009 Preliminary proceeds of $1 5 million were received in FY 2010 and final claim proceeds of $1 7 million were received in July 2010 (FY2011) The damaged heat exchanger was replaced in April 2010 during a scheduled plant shutdown without incident or delays

Finance income in FY 2011 was flat to the prior year

Finance expenses of $7 8 million were down from last year's $9 1 million This reduction was a result of a $1 3 million reduction in interest expense due to lower principal balances with relatively similar effective interest rates Under the terms of its senior debt agreement, IRE entered into interest rate swaps that mature in July 2011 The senior lenders have agreed that IRE will not be required to enter into interest rate protection agreements upon the expiration of the swaps in July 2011

In the period, the Group reported profit before income tax of $12 0 million versus profit before income tax of $14 5 million for the year ended 31 March 2010 The decrease was primarily due to lower commodity margins in FY 2011

Income tax (expense) / credit was $4 1 million of expense for the period versus a credit of $0 2 million in the prior year In the prior year, GTL received a refund of an earlier year's taxes paid as a result of an amended tax return filing For the current period, the Group reversed the remaining valuation allowance of $1 0 million as of 31 March 2010 relating to Net Operating Loss (NOL) utilisation in the US Upon elimination of the valuation allowance, GTL must now record income tax expense at the statutory tax rates on book income However, based on accelerated depreciation for tax purposes, it is expected that GTL will not be in a tax paying position for several years GTL expects the effective tax rate for book purposes to be in the 40% range for subsequent years

BUSINESS AND FINANCIAL REVIEW

The Group's profit for the year attributable to the equity holders of the Company was $6 2 million (FY 2010 $12 7 million), which represents basic and diluted earnings per share of $0 19

At the corporate level, as of 31 March 2011, there is $6 9 million of cash which is well in excess of the $0 5 million of liabilities This provides adequate working capital for the Group's ongoing activities and provides a base for potential future investment projects

GTL continues to significantly reduce its net debt At 31 March 2011, net debt was $83 4 million, down $14 4 million from the 31 March 2010 balance of $97 8 million Net debt is comprised of $80 8 million in senior debt plus $30 million in subordinated debt for total interest bearing debt of $110 8 million, less cash of $27 4 million I am proud to report that we achieved these levels of debt repayment without using our working capital line this year (FY 2010 working capital borrowing $nil) All of the Group's debt remains at the IRE level, with no recourse against GTL Resources PLC assets

Richard Ruebe.

RICHARD RUEBE
Group CEO

THE DIRECTORS

EXECUTIVE DIRECTOR

RICHARD RUEBE, GROUP CEO

Richard Ruebe has 30 years of general business experience in the USA, most recently in the managing of multi-site manufacturing operations Prior to taking his position with GTL Resources PLC, Richard was, between 2002 and 2006, the Chief Executive Officer and Vice President of Operations of Hollinee LLC, a fiberglass and non-wovens filter manufacturing company which had nine manufacturing facilities in Europe and the US and over 750 employees As its Chief Executive Officer, Richard successfully streamlined the manufacturing facilities, improved profitability and successfully arranged the sale of the business Prior to this role, Richard spent seven years as Vice President of Operations and Chief Financial Officer of Interlake Material Handling Inc , a company with sales of $300 million In this role, Richard managed four plants and the construction of a Greenfield facility in Mexico Previously, Richard worked for Boots Pharmaceuticals, part of the Boots UK global business, between 1992 and 1995, and Zenith Electronics Inc between 1981 and 1992 in several financial roles Richard has an M B A and B S in Accounting, from the University of Illinois and is a CPA

NON-EXECUTIVE DIRECTORS

JULIA HENDERSON, NON-EXECUTIVE CHAIRMAN
Member – GTL Resources PLC remuneration committee and audit committee

Julia Henderson has been involved with entrepreneurial growth companies in a wide range of sectors for the past twenty-five years She began her corporate finance career at ANZ Merchant Bank after which she became a co-founder of Beeson Gregory (now Evolution Securities), the mid market investment bank Julia has a wealth of listed company experience and is now an independent non-executive director and corporate consultant with quoted and private mid market companies Julia is also a non-executive director of ECO Animal Health plc and Alkane Energy plc, another quoted company in the renewable energy sector

GRAHAM WICKHAM, NON-EXECUTIVE DIRECTOR
Member – GTL Resources PLC remuneration committee and audit committee

Graham Wickham has over 25 years of experience in the London financial markets, specializing in investment analysis and corporate finance Graham joined what was Hoare Govett, now ABN Amro Hoare Govett, in 1970 as an investment analyst and left in 1973 to join Williams de Broe At Williams de Broe Graham worked on floating and financing small companies on the London Stock Exchange's main market and on AIM and has held several Non-Executive Directorships

DIRECTORS' REPORT

MICHAEL NOBBS, NON-EXECUTIVE DIRECTOR
Member – GTL Resources PLC remuneration committee and audit committee
Michael Nobbs has a 35-year track record in Investment Banking, with a focus on equity, mergers and acquisitions, and project finance He was Managing Director and Senior Credit Officer for Citigroup/Citibank and Group Finance Director for Tishman International Companies, a major global development and investment business Michael has participated in many capital raisings, initial public offerings, and corporate acquisitions, and has run billion dollar businesses with full P and L accountability He has held positions in London, New York and Los Angeles Today, Michael acts as an Independent Company Director and Investment Advisor to several companies, generally in the Oil and Gas and Alternative Energy sectors Recent and current Companies that Michael has served as main Board Director include, in addition to GTL and IRE, Sound Oil, Ithaca Energy, Plasco Energy, Mart Resources, Mitra Energia, and Caspian Energy, among others These entities are listed on the AIM, the TVX, the TSX, or are still private pending IPO He chairs a variety of Committees, including Remuneration, Audit, Governance and Investment Two of these Companies are actively involved pursuing Ventures in China He is resident in the USA, but travels extensively in the UK, Asia and Canada

MARTHA SCHLICHER, NON-EXECUTIVE DIRECTOR
Martha brings over 20 years of direct agricultural industry management experience to GTL Martha currently leads the Bio-energy team at Monsanto and previously led the National Corn-to-Ethanol Research Center (NCERC) Prior to her current role at Monsanto, Martha oversaw the commissioning and start-up of the NCERC and its conversion to an industry-serving facility for the commercial testing of renewable fuel technologies In this role she became a key advisor to industrial, trade, governmental, and investment groups on the potential of renewable fuels and the assessment of renewable fuel technologies Prior to this position, Martha served in leadership roles at Monsanto Company Her accomplishments included leading Monsanto's Midwest sales and marketing organization, overseeing the agricultural business's global crop technology pipeline, and directing worldwide regulatory sciences Martha worked directly for Monsanto's Agricultural Company President, leading agricultural strategy and merger activities Martha has a B S degree in Chemistry from Indiana University, a Ph D in Organic Chemistry from the University of Illinois and an M B A from the Kellogg Graduate School of Management at Northwestern University Martha serves as a Trustee for the St Louis Academy of Science, as an industry advisor to the International Center for Advanced Renewable Energy Research at Washington University in St Louis, and as a Technical Advisor to the NCERC

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31 March 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The Group owns and operates a leading ethanol and bio refining company which, through its subsidiary IRE, produces over 110 million gallons of ethanol per year from its production facility in Rochelle, Illinois USA

A review of the business during the year including key performance indicators and comments upon the future outlook and activities are contained in the Business and Financial Review

PROPOSED DIVIDEND
The Directors do not recommend the payment of a dividend (2010 none)

DIRECTORS
The Directors who held office during the year were as follows

R Ruebe
J Henderson
G Wickham
M Nobbs
M Schlicher

M Nobbs and G J Wickham retire by rotation, and, being eligible, offer themselves for re-election

SIGNIFICANT SHAREHOLDINGS
At 31 May 2011 the following interests of shareholders holding 3% or more of the ordinary share capital of the Company, had been notified to the Company

Top Investors	No of Shares 31 May 11	% Issued Capital
Gartmore Investment Management Limited	8,815,764	27 56%
North Atlantic Value LLP	6,527,986	20 41%
Royal London Asset Management Ltd	1,920,000	6 00%
Majedie Asset Management Limited	1,853,064	5 79%
Hargreave Hale Ltd	1,235,600	3 86%
Close Asset Management Limited	1,086,642	3 40%
Marc Simon Downes	1,023,500	3 20%

DIRECTORS' REPORT

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 its trade creditors during the year under review, it is not meaningful to express the creditor payment period as a number of days

PRINCIPAL RISKS AND UNCERTAINTIES
The principal risks and uncertainties which could have a material impact on the Group's performance are discussed in the current trading and future prospects section of the Business and Financial Review The volatility in the market commodity margins remains a key risk for GTL

FINANCIAL INSTRUMENTS
The accounting treatment of financial instruments is described in note 3 5 with further disclosure provided in note 27

POLITICAL AND CHARITABLE CONTRIBUTIONS
The Group has made charitable donations in the amount of $16,160 (FY 2010 $10,000) during the year

GOING CONCERN
The Directors have considered and concluded that both the Company and the Group have adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

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

CORPORATE GOVERNANCE
The Directors 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

As an AIM listed company, the Directors' Remuneration Report Regulations 2002 are not applicable, and as such, a report on Directors' remuneration has not been prepared Further details of Directors' remuneration are detailed in note 10 to the financial statements

The Company operates with a remuneration committee and an audit committee The remuneration committee is comprised of Graham Wickham and Julia Henderson and is chaired by Michael Nobbs It reviews the scale and structure of the Executive Directors remuneration and the term of their service contracts The remuneration and terms and conditions of the Non-Executive Directors are set by the Board No Director may participate in any meeting at which discussions or decisions regarding his/her own remuneration take place The remuneration committee also administers the Company's share incentive schemes

The audit committee is comprised of Michael Nobbs and Julia Henderson, and is chaired by Graham Wickham It is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, and for reviewing the auditor reports relating to the accounts

ANNUAL GENERAL MEETING
The Annual General Meeting of the Company is to be held on 28 September 2011 A separate notice of the meeting will be issued, which details the various resolutions to be proposed and if thought fit, adopted by the shareholders

DISCLOSURE OF INFORMATION TO AUDITOR
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any

DIRECTORS' REPORT

relevant audit information and to establish that the Company's auditor is aware of that information

AUDITOR

In accordance with Section 489 of the Companies Act 2006, a resolution for the continuation of PKF (UK) LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the Board

JULIA HENDERSON
Chairman

14 June 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with those standards Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions

ENVIRONMENTAL, HEALTH AND SAFETY SUMMARY

ENVIRONMENTAL, HEALTH AND SAFETY VISION STATEMENT

GTL is committed to achieving excellence in providing a safe, healthy, and environmentally responsible place to work and visit GTL's policy is to comply with all applicable environmental, health and safety laws and regulations and support employee awareness and participation GTL's goal is the prevention of all workplace injuries and illnesses, environmental incidents, property loss or damage and disruptions to public health and safety Achieving this goal is the responsibility of every GTL employee

EHS PROGRAM DESCRIPTION

GTL utilizes an Environmental Management Program ("EMP") and a Safety Management Program ("SMP") to help meet its mission The programs work closely together to achieve environmental, health, and safety compliance Both programs follow a model of identifying potential hazards, assessing significance in terms of severity and likelihood of occurrence, developing approaches to reduce risk, and follow-up verification that the risk is reduced

SAFETY SUMMARY

The Safety Coordinator oversees health and safety initiatives at the facility and reports directly to GTL's Plant Manager The Safety Coordinator provides regular updates to the Board of Directors and works in collaboration with the facility's management team to evaluate and update the safety program

The Safety Management Program also provides health and safety training for contractors and consultants working at the facility Random inspections are performed to ensure that contractors and consultants are working in a safe, healthful and environmentally responsible manner For major contracts, and for any work in potentially hazardous locations, GTL assesses contractors' and consultants' safety records as part of the selection process

Additional improvements for FY 2011 include a Behavioural-Based safety initiative and Near Miss reporting program The Behavioural-Based safety initiative is designed to increase the awareness that safety is every GTL team member's responsibility This program is then coupled with a Stop and Think mentality prior to performing all jobs The Near Miss initiative was instituted to heighten all GTL employees' awareness of potential hazards within the facility and to mitigate any potential issues identified These programs are also tied to each employee by conducting a minimum of two safety observations per year

HEALTH SUMMARY

GTL takes a personal interest in maintaining the health of its employees All of the employees that work in the plant are required to participate in annual testing of their hearing and breathing function In addition, GTL offers employees with an option to receive a flu vaccination each year GTL also offers a voluntary wellness testing program to heighten GTL employee's heath awareness

HEALTH AND SAFETY RECORD

The Safety Management Program maintains up-to-date records pertaining to employee health and safety, including documenting all safety related training The added focus on safety resulted in GTL recording no lost time accidents and zero OSHA recordable incidents for FY 2011 This is a substantial improvement compared to the past fiscal year and is directly attributed to the new safety programs implemented during FY 2011 These programs are a continued effort to drive down the recordable incidents and to mitigate and eliminate lost time incidents all together

ENVIRONMENTAL

Fiscal year 2011 was an active year for GTL's Environmental Management Program GTL complied with new federal regulations for environmental compliance, upgraded environmental control equipment, applied for permits to increase the ethanol production rate, and provided environmental education opportunities for the community

ENVIRONMENTAL, HEALTH AND SAFETY SUMMARY

Greenhouse Gas Reporting
GTL completed its first year of greenhouse gas emission record keeping and reporting The emissions data will be used by the USEPA on an on-going basis to help the agency better understand where greenhouse gases are coming from and guide the development of policies and programs to reduce emissions and mitigate climate change

USEPA Emissions Modeling
GTL supported the USEPA's National Risk Management Research Laboratory in their efforts to model the environmental impact of ethanol facilities USEPA representatives were hosted at the GTL facility where they gained valuable knowledge of how ethanol facilities operate GTL representatives continued to collaborate with the USEPA to further the agency's understanding of ethanol facilities

Renewable Fuels Standard
GTL complied with the USEPA's Renewable Fuel Standard As part of the compliance effort, GTL commissioned a third-party environmental audit of the ethanol facility to demonstrate that the facility meets the requirements of a renewable fuel producer

Permit for Increased Ethanol Production Rate
GTL was granted an Illinois EPA permit to install more efficient dust collection equipment at its ethanol facility GTL also submitted an Illinois EPA permit application to increase its ethanol production rate GTL anticipates that the Illinois EPA will issue the permit in fiscal year 2012

Combined Heat and Power Electricity Generation
An energy efficiency project was initiated at the GTL ethanol facility The design work is underway for a steam turbine generator that will be integrated into the ethanol facility The turbine will make use of high pressure steam available at the ethanol facility to generate electricity This project will provide 25% of the facility's electricity needs Funding for this project will be partially provided by a grant from the Illinois Department of Commerce and Economic Opportunity

Boiler Controls Upgrade
GTL initiated a project to upgrade the controls of the ethanol facility's steam boilers The upgrades will reduce natural gas consumption and incorporate automated flue gas recirculation to reduce nitrogen oxide emissions

Water Reduction Study
GTL co-authored a report to follow-up on an extensive evaluation of water use at GTL's ethanol facility The study, entitled "Reducing Water Consumption in Dry-Grind Ethanol Manufacture," was presented at the Fuel Ethanol Workshop, June 16, 2010, in St Louis Missouri GTL is in the process of implementing key recommendations from the study that reduce water consumption and increase plant efficiency

Environmental Education
GTL hosted educators from the DeKalb County Farm Bureau's Summer Agricultural Institute as part of their graduate-level course, entitled "Teaching about Agriculture and Sustainability" The teachers will use the knowledge gained to introduce their students to the importance of sustainable agriculture

GTL visited the Hubble Middle School in Warrenville, Illinois to teach students about fuel ethanol and the environment The students were educated on GTL's ethanol production process and current issues such as gas mileage, food versus fuel, water use and land use as related to ethanol production

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GTL RESOURCES PLC

We have audited the financial statements of GTL Resources Plc for the year ended 31 March 2011, which comprise the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company statements of financial position, the consolidated and company statements of cash flows and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 AUDITOR

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINION ON FINANCIAL STATEMENTS

In our opinion

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2011 and of the Group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

PKF (UK) LLP

RICHARD WILSON (Senior Statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

Nottingham, UK 14 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2011	Note	2011 $000	2010 $000
Revenue		**261,447**	216,627
Cost of sales		**(223,397)**	(176,585)
Gross profit		**38,050**	40,042
Administrative expenses		**(21,492)**	(19,504)
Administrative – exceptional	7	**1,679**	1,500
Operating profit	7	**18,237**	22,038
Finance income	11	**1,589**	1,516
Finance expenses	11	**(7,842)**	(9,056)
Profit before tax		**11,984**	14,498
Income tax (expense) / credit	12	**(4,100)**	162
Profit for the period		**7,884**	14,660
Other comprehensive income:			
Other comprehensive income for the year, net of tax		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,884**	14,660
Profit attributable to:			
Equity holders of the company		**6,175**	12,677
Non-controlling interest		**1,709**	1,983
Profit for the period		**7,884**	14,660
Total comprehensive income attributable to:			
Equity holders of the parent		**6,175**	12,677
Non-controlling interest		**1,709**	1,983
		7,884	14,660
Earnings per share			
Basic earnings per ordinary share (dollars)	22	**$0.19**	$0 40
Diluted earnings per ordinary share (dollars)	22	**$0.19**	$0 39

All results derive from continuing operations

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2011	Share capital $000	Share premium $000	Translation reserve $000	Retained earnings $000	Total $000	Non-controlling interest $000	Total equity $000
At 1 April 2009	60,205	317	487	(9,859)	51,150	5,804	56,954
Profit for the period	–	–	–	12,677	12,677	1,983	14,660
Distribution	–	–	–	–	–	(133)	(133)
Issue of ordinary shares upon exercise of warrants	–	–	–	–	–	5	5
Share based payment transactions	–	–	–	37	37	–	37
Foreign currency translation reserve transfer	–	–	(487)	487	–	–	–
At 31 March 2010	60,205	317	–	3,342	63,864	7,659	71,523
At 1 April 2010	**60,205**	**317**	–	**3,342**	**63,864**	**7,659**	**71,523**
Profit for the period	–	–	–	**6,175**	**6,175**	**1,709**	**7,884**
Share based payment transactions	–	–	–	**106**	**106**	–	**106**
At 31 March 2011	**60,205**	**317**	–	**9,623**	**70,145**	**9,368**	**79,513**

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2011	Share capital $000	Share premium $000	Translation reserve $000	Retained earnings $000	Total equity $000
At 1 April 2009	60,205	317	487	5,333	66,342
Loss for the period	–	–	–	(605)	(605)
Foreign currency translation reserve transfer	–	–	(487)	487	–
Share based payments transactions	–	–	–	37	37
At 31 March 2010	60,205	317	–	5,252	65,774
At 1 April 2010	**60,205**	**317**	–	**5,252**	**65,774**
Loss for the period	–	–	–	**(709)**	**(709)**
Share based payments transactions	–	–	–	**106**	**106**
At 31 March 2011	**60,205**	**317**	–	**4,649**	**65,171**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2011	Note	2011 $000	2010 $000
Assets			
Property, plant and equipment	13	**156,872**	164,186
Intangible assets - goodwill	14	**7,390**	7,390
Investments		**510**	–
Other financial assets	16	**10,384**	17,588
Total non current assets		**175,156**	189,164
Inventories	18	**10,744**	5,409
Trade and other receivables	19	**3,931**	3,431
Other current assets		**1,272**	1,490
Other financial assets	16	**10,136**	6,767
Cash and cash equivalents	20	**6,895**	8,616
Total current assets		**32,978**	25,713
Total assets		**208,134**	214,877
Equity			
Share capital	21	**60,205**	60,205
Share premium		**317**	317
Retained earnings		**9,623**	3,342
Total equity attributable to equity holders of the Company		**70,145**	63,864
Non-controlling interest		**9,368**	7,659
Total equity		**79,513**	71,523
Liabilities			
Loans and borrowings	23	**103,752**	123,752
Deferred revenue	24	**3,846**	3,527
Deferred tax liabilities	17	**4,100**	–
Total non current liabilities		**111,698**	127,279
Trade and other payables	25	**9,418**	7,014
Other financial liabilities at fair value through the profit and loss	27	**332**	1,891
Loans and borrowings	23	**7,039**	7,039
Deferred revenue	24	**134**	131
Total current liabilities		**16,923**	16,075
Total liabilities		**128,621**	143,354
Total equity and liabilities		**208,134**	214,877

These financial statements were authorised for issue and approved by the Board of Directors on 14 June 2011 and were signed on its behalf by

Richard Ruebe

RICHARD RUEBE
Director
GTL Resources PLC
Registered Company number 2811366

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 March 2011	Note	2011 $000	2010 $000
Assets			
Investments	15	**56,550**	56,294
Amounts owed by group undertakings		**2,788**	2,020
Total non current assets		**59,338**	58,314
Trade and other receivables	19	**11**	24
Other current assets		**10**	16
Cash and cash equivalents	20	**5,973**	7,508
Total current assets		**5,994**	7,548
Total assets		**65,332**	65,862
Equity			
Share capital	21	**60,205**	60,205
Share premium		**317**	317
Retained earnings		**4,649**	5,252
Total equity attributable to equity holders of the Company		**65,171**	65,774
Liabilities			
Trade and other payables	25	**161**	88
Total current liabilities		**161**	88
Total liabilities		**161**	88
Total equity and liabilities		**65,332**	65,862

These financial statements were authorised for issue and approved by the Board of Directors on 14 June 2011 and were signed on its behalf by

Richard Ruebe

RICHARD RUEBE
Director
GTL Resources PLC
Registered Company number 2811366

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2011	Note	2011 $000	2010 $000
Cash flows from operating activities			
Profit/(loss) for the period		**7,884**	14,660
Adjustments for			
Depreciation and amortization	13	**11,921**	11,858
Deferred revenue recognised		**(134)**	(131)
Loss on disposal of assets		**319**	83
Net finance expense	11	**6,253**	7,540
Share-based payment transactions	26	**106**	37
Income tax expense/(credit)	12	**4,100**	(162)
Cash flows from operating activities		**30,449**	33,885
Change in inventories	18	**(5,335)**	602
Change in trade and other receivables	19	**(500)**	(288)
Change in other current assets		**212**	(432)
Change in trade and other payables (excluding accrued interest)	25	**2,438**	48
Post working capital cash flows from operating activities		**27,264**	33,815
Interest paid		**(7,876)**	(9,500)
Income tax received/(paid)		**–**	162
Net cash from operating activities		**19,388**	24,477
Cash flows from investing activities			
Interest received	11	**31**	28
Acquisition of property, plant and equipment	13	**(4,924)**	(1,691)
Investments		**(510)**	–
Other financial asset deposits	16	**3,835**	(13,686)
Net cash from investing activities		**(1,568)**	(15,349)
Cash flows from financing activities			
Proceeds from new borrowings		**–**	14,613
Proceeds from grant award		**459**	–
Repayment of finance leases		**–**	(133)
Distribution to non-controlling interest		**–**	(133)
Repayment of borrowings		**(20,000)**	(23,719)
Net cash from financing activities		**(19,541)**	(9,372)
Net decrease in cash and cash equivalents		**(1,721)**	(244)
Cash and cash equivalents at beginning of the year		**8,616**	8,860
Cash and cash equivalents at end of the year	20	**6,895**	8,616

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2011	Note	2011 $000	2010 $000
Cash flows from operating activities			
Loss for the period		**(709)**	(606)
Adjustments for			
Net finance expense		**–**	(14)
Share-based payment transactions	26	**106**	37
Unrealized (gain) on exchange rate fluctuations		**(4)**	–
Cash flows from operating activities		**(607)**	(583)
Change in trade and other receivables	19	**13**	4
Change in other current assets		**10**	10
Change in amounts due from group undertakings		**(767)**	–
Change in trade and other payables	25	**73**	(174)
Net cash from operating activities		**(1,278)**	(743)
Cash flows from investing activities			
Interest received		**3**	19
Investments		**(260)**	–
Net cash from investing activities		**(257)**	19
Net decrease in cash and cash equivalents		**(1,535)**	(724)
Cash and cash equivalents at beginning of the year		**7,508**	8,232
Cash and cash equivalents at end of the year	20	**5,973**	7,508

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NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

GTL Resources PLC ("GTL" or the "Company") is a company incorporated in England and Wales The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group")

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 2 5

A separate statement of comprehensive income for the parent company has not been presented as permitted by section 408 of the Companies Act 2006

2.1 Adoption of standards effective in 2010

The following standards that have an effect on the group have been applied from 1 April 2010

- IAS 27 (Revised) Consolidated and separate financial statements
- IFRS 3 (Revised) Business combinations

IAS 27 (Revised) 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 July 2009) The revised standard was issued in January 2008 and requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary and the loss of control of a subsidiary The new requirements did not have an impact on the consolidated financial statements

IFRS 3 (Revised) 'Business combinations' (effective for business combinations occurring in accounting periods beginning on or after 1 July 2009) This standard continues to apply the acquisition method to business combinations However, it introduces a number of changes that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results The new requirements did not have an impact on the consolidated financial statements

2.2 IFRS standards and interpretations issued but not yet applied

Additional standards and interpretations have been issued, but are not yet effective These are available for early application, but have not yet been applied by the Group in these financial statements Application of these standards and interpretations are not expected to have a material effect on the financial statements in the future The Group intends to apply these standards and interpretations when they become effective

2.3 Going concern

The Group forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is expected to have a sufficient level of financial resources available through cash generation and borrowings The Directors therefore believe that the Group is well placed to manage their business risks successfully despite the economic uncertainty and continue as a going concern

2.4 Functional and presentation currency

These financial statements are presented in US dollars, which is the company and subsidiaries functional currency All financial information presented in dollars has been rounded to the nearest thousand

2.5 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 estimates are 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 amounts recognised in the financial statements is included in the following notes

NOTES TO THE FINANCIAL STATEMENTS

Note 3 3 – property, plant, and equipment

Note 4 – determination of fair values

Note 14 – intangible assets

Note 17 – deferred tax assets and liabilities

Note 26 – share-based payments, and

Note 27 – financial instruments

3. ACCOUNTING POLICIES

3.1 Basis of consolidation

Subsidiaries are consolidated from the date on which control is transferred until the date that the control ceases

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies so as to obtain benefit from their activities

The purchase, or acquisition, method of accounting is used to account for the acquisition of subsidiaries by the group The cost of the acquisition is measured as the fair value of assets transferred, equity instruments issued and liabilities incurred at the date of exchange

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated

3.2 Goodwill

Goodwill on acquisitions comprises the excess of the fair value of the consideration plus any associated costs for investments in the subsidiary undertakings over the fair value of the net identifiable assets acquired and liabilities assumed Adjustments are made to fair values to bring the accounting policies of acquired businesses into alignment with those of the group The costs of integrating and reorganising acquired businesses are charged to the post acquisition income statement

Goodwill is carried at cost less accumulated impairment losses Goodwill is tested for impairment annually Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses

Cost includes expenditure that is directly attributable to the acquisition of the asset The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other income' in profit or loss

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably The carrying amount of the replaced part is derecognised The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment Land is not depreciated

The estimated useful lives are as follows

land improvements	10-39 years
buildings and improvements	7-39 years
machinery and equipment	3-20 years
fixtures and equipment	3-5 years

Assets under construction are depreciated from the date they are ready for their intended use

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date

3.4 Impairment of assets

The group assesses annually whether there is any indication that any of its assets have been impaired If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value

For goodwill, intangible assets that have an indefinite life, and intangible assets not yet available for use, the

NOTES TO THE FINANCIAL STATEMENTS

recoverable amount is estimated annually and whenever there is an indication of impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount Impairment losses are recognised in the profit or loss

3.5 Financial instruments
The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement

Financial instruments are recognised on trade date when the group becomes a party to the contractual provisions of the instrument Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument

Financial instruments are derecognised on trade date when the group is no longer a party to the contractual provisions of the instrument

(i) Financial assets at fair value through profit and loss
Financial assets at fair value through profit and loss comprise derivative financial instruments, namely interest rate swaps Subsequent to initial recognition financial assets at fair value through profit and loss are stated at fair value Movements in fair values are taken directly to profit or loss

ii) Trade receivables
Trade receivables are stated at their original invoiced value Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts Interest on overdue trade receivables is recognised as it accrues

(iii) Cash and cash equivalents
Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value An investment with a maturity of three months or less is normally classified as being short-term Cash and cash equivalents do not include other financial assets

(iv) Other financial assets
Other financial assets include investments of restricted use, debt service and contingency accounts The restricted use bank deposits are current cash funds drawn down under the terms of the senior debt agreement that are to be applied to specific trade creditor balances The debt service accounts must be maintained under loan covenants to guarantee the capability of the Group to make minimum interest and loan repayments The contingency accounts are earmarked for potential silo related expenses

As such these amounts are not free to be used in the ordinary course of business, so are not disclosed alongside ordinary cash balances

(v) Trade payables
Trade payables are stated at their original invoiced value

(vi) Interest-bearing borrowings
Interest-bearing borrowings are stated at amortised cost using the effective interest method The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability

3.6 Retirement benefits
The group operates a defined contribution plan for employees A defined contribution plan is one where the group pays fixed contributions into a separate entity These contributions are expensed in the period in which they accrue

3.7 Revenue
The Group's revenue derives from its principal activity which is carried out in the United States of America Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably

Transfers of risks and rewards vary depending on the individual terms of the contract of sale For sales of ethanol and distillers grains, this is usually at the time of loading into trucks, railcars or containers of the relevant carrier as this is the point at which the customer takes ownership of the product and assumes risk of loss

NOTES TO THE FINANCIAL STATEMENTS

3.8 Inventories
Inventories are stated at the lower of cost or net realisable value Cost is determined on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses

3 9 Leases
Leases in which substantially all the risks and rewards are retained by the lessor are classified as operating leases Payments made under these operating leases are recognised in profit or loss on a straight line basis over the term of the lease Benefits received as an incentive to sign a lease, whatever form they may take, are credited to profit or loss on a straight-line basis over the lease term

Leases of machinery in which substantially all the risks and rewards of ownership have passed to the group are classified as finance leases At the commencement of the lease term, finance leases are capitalised at the lower of the fair value of the leased machinery and the present value of the minimum lease payments

The lease payments are allocated between the liability and finance costs The interest element of these payments in charged to profit and loss over the lease period The machinery acquired under the finance lease is depreciated over the shorter of its useful life and that of the lease term

3 10 Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset

3.11 Government grants
Government grants relating to depreciable assets are initially credited to a deferred revenue account and recognised as income over the periods and in the proportions in which depreciation on those assets is charged In FY 2011, the Group was awarded capital grants from the Illinois Department of Commerce and Economic Opportunity in the amounts of $0 2 million and $1 2 million, which are to be used to fund the purchase of specific project related equipment

3.12 Share based payments
Employee share options are measured at fair value at grant date using the Black-Scholes model The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest

3 13 Taxation
Income tax for the period is based on the taxable income for the year Taxable income differs from profit as reported in the statement of comprehensive income for the period as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other periods Income tax for the period is calculated using the current ruling tax rate

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position Deferred tax assets and liabilities are not recognised if they arise in the following situations the initial recognition of goodwill, or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, joint ventures and associates where the parent company is able to control of the timing of the reversal of the temporary differences and it is not considered probable that the temporary differences will reverse in the foreseeable future It is the Group's policy to reinvest undistributed profits arising in group companies

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised The carrying amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered

NOTES TO THE FINANCIAL STATEMENTS

4 DETERMINATION OF FAIR VALUES
A number of the Group'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 When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability

4 1 Derivatives
The fair value of interest rate swaps is based on bank quotes Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date

4.2 Share-based payment transactions
The fair value of employee share options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on government bonds) Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value

4 3 Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date For finance leases, the market rate of interest is determined by reference to similar lease agreements

5. FINANCIAL RISK MANAGEMENT
Overview
The Group has exposure to the following risks from its use of financial instruments

– credit risk,

– liquidity risk,

– market risk,

– interest rate risk, and

– capital management

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital Further quantitative disclosures are included throughout these consolidated financial statements

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework The Directors have established risk management policies to establish, identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits Risk management policies and systems are reviewed to reflect changes in market conditions and the Group's activities The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations

Financial risk management is carried out on a Group basis and the company is not considered to be exposed to any further significant risks

5.1 Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk On entering into any business contract the extent to which the arrangement exposes the Group to credit risk is considered

NOTES TO THE FINANCIAL STATEMENTS

The majority of the Group's revenue is attributable to sales transactions with three customers Ethanol sales are mostly made directly to CHS Renewable Fuels, a subsidiary of CHS Inc (a Fortune 200 company), and an oil major Distiller's grains are principally sold to United Bio Energy (UBE) who are international commodity traders with a speciality in grains

Any new customers are analysed individually for creditworthiness before the Group commences trade The Group's review may include external ratings, when available, and in most cases bank references Customers that fail to meet the Group's creditworthiness requirements may transact with the Group only on a prepayment basis

Trade and other receivables relate mainly to the Group's three major customers noted above No customers are considered to be 'high risk' Amounts receivable are recorded at the invoiced amount and do not bear interest The Group does not have any off-balance sheet credit exposure related to its customers

At the reporting date there are no indications that the debtors will not meet their payment obligations The Group has not experienced any write offs of uncollectible amounts Therefore no such loss allowance is considered appropriate at 31 March 2011

5 2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, and availability of finance for capital projects before undertaking such projects, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters

The Group entered into a Senior Credit Agreement with WestLB, AG ("WestLB") acting as Administrative Agent, Lead Arranger, and Syndication Agent for a syndicate of lenders on 20 July 2007 The agreement provides for a term loan of $117,310,000 and Working Capital borrowings of up to $10,000,000 In addition, IRE entered into a subordinated Loan Agreement and Promissory Note of $30,000,000 with the Illinois Finance Authority ("IFA") for the purpose of securing solid waste disposal bonds issued by the IFA, on 1 July 2007 The agreements are secured by substantially all assets of IRE

The term loan's targeted payoff is 19 June 2015 and bears an interest rate of LIBOR + 3 5% IRE is required to make minimum quarterly payments of 1 5% of the amount borrowed at inception ($117,310,000) At 31 March 2011, outstanding term loan borrowings and accrued interest totalled $80,791,000 and $nil, respectively Cash paid for interest totalled $7,876,000 during FY 2011 (FY 2010 $9,501,000)

The working capital borrowing was $nil as of 31 March 2011 (31 March 2010 $nil) and had accrued interest totalling $nil as of 31 March 2011 (31 March 2010 $nil)

Principal outstanding on the subordinated note at 31 March 2011 was $30,000,000 (31 March 2010 $30,000,000) Accrued interest on the subordinated note as of 31 March 2011 was $600,000 (31 March 2010 $600,000)

5 3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return

(i) Ethanol and DDGS

From time to time the Group enters into fixed price contracts for ethanol at agreed prices for some of its expected future sales The Group's exposure to market volatility is therefore reduced on this volume As with all other sales by the Group, these sales are accounted for at the point that product is dispatched, in accordance with the policy described in note 3 7

NOTES TO THE FINANCIAL STATEMENTS

(ii) Corn and natural gas
The Group works with its corn and natural gas suppliers to reduce exposure to future price volatility by the supplier entering into futures and options contracts to enable it to offer the Group limited exposure to price movements

(iii) Currency risk
All Group entities functional currency is US dollars It is not significantly exposed to foreign transaction exchange risk because the majority of its cash flows derive from its production and sales functions operating wholly within the USA and all of these transactions are denominated in US dollars However, a small amount of transactions undertaken by the ultimate holding company are made in GBP sterling

Any sterling currency deposits made by the Company are used to fund sterling cash flows This provides a degree of economic hedge and no derivatives are entered into

Interest on borrowings is denominated in US dollars which matches the cash flows generated by the underlying operations of the Group This provides an economic hedge and no currency derivatives are entered into

5.4 Interest rate risk

(i) Interest rate risk profile of financial liabilities
It is Group policy to maintain flexibility over early repayment of loans by not fixing the interest rates of all loans When the Group enters into variable rate finance agreements it is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally finance debt To avoid exposure to interest rate risk, in the year ended 31 March 2011 the Group (as IRE) has used derivatives to swap the profile of part of its variable rate debt to a fixed rate

(ii) Borrowing facilities
At 31 March 2011, IRE had a committed working capital facility of $10,000,000 (31 March 2010 $10,000,000), of which $nil (31 March 2010 $nil) was drawn down This facility is at a variable rate interest based upon LIBOR + 3 5% (FY 2010 LIBOR + 3 5%)

The senior debt at 31 March 2011 was $80,791,000 This loan is at a variable rate interest based upon LIBOR + 3 5% (FY 2010 LIBOR + 3 5%)

At 31 March 2011, IRE had junior debt of $30,000,000 (31 March 2010 $30,000,000) of which the full amount was drawn down A fixed rate of interest of 8 5% per annum is payable on this debt

In August 2007, IRE entered into an interest rate swap relating to a portion of its senior debt, variable rate LIBOR exposure for payment of a fixed rate of 5 05% and offset by a rate receipt of LIBOR In May 2008, IRE entered into a second swap for payment at a fixed rate of 3 5275% and offset by a rate receipt of LIBOR The senior lenders have agreed that IRE will not be required to enter into interest rate protection agreements upon the expiration of the swaps in July 2011

5 5 Capital management
IRE has $80,791,000 of senior debt and $30,000,000 of subordinated debt as of 31 March 2011 IRE holds three types of restricted use bank deposits to manage its capital requirements for its debt, restricted use bank deposits, debt service bank deposits, and contingency bank deposits The restricted use bank deposits are current cash funds, drawn down under the terms of the senior debt agreement, which are to be applied to specific trade creditor balances The accumulation of profits are maintained in the restricted use bank deposit account and at the end of each quarter a principal payment is made by sweeping the account balance less operating fund requirements, but not less than 1 5% of the loan balance at conversion The debt service bank deposits must be maintained under loan covenants to guarantee the capability of the Group to make minimum interest and loan repayments The contingency deposits are earmarked for potential silo related expenses

NOTES TO THE FINANCIAL STATEMENTS

6. OPERATING SEGMENTS

Managements approach to reporting the financial performance and position of its business is as follows

Statement of comprehensive income	FY 2011 IRE $000	FY 2011 Head office $000	FY 2011 Total $000	FY 2010 IRE $000	FY 2010 Head office $000	FY 2010 Total $000
Ethanol Revenue	**218,029**	–	**218,029**	179,677	-	179,677
DDGS Revenue	**43,394**	–	**43,394**	36,950	-	36,950
Other Revenue	**24**	–	**24**	–	–	–
Net Revenues	**261,447**	–	**261,447**	216,627	-	216,627
Variable Costs of production	**(213,153)**	–	**(213,153)**	(165,535)	-	(165,535)
Freight	**(3,714)**	–	**(3,714)**	(5,310)	-	(5,310)
Fixed Costs of production	**(6,530)**	–	**(6,530)**	(5,740)	-	(5,740)
Total Production Costs	**(223,397)**	–	**(223,397)**	(176,585)	–	(176,585)
Gross Margin	**38,050**		**38,050**	40,042		40,042
Admin Costs	**(6,286)**	**(3,083)**	**(9,369)**	(5,824)	(1,829)	(7,653)
Charge Outs	**(1,958)**	**1,958**	–	(856)	856	–
Other Income	**1,679**	–	**1,679**	1,500	–	1,500
Total Fixed Costs	**(6,565)**	**(1,125)**	**(7,690)**	(5,180)	(973)	(6,153)
EBITDA	**31,485**	**(1,125)**	**30,360**	34,862	(973)	33,889
Depreciation & Amortization	**(11,956)**	**39**	**(11,917)**	(11,897)	39	(11,858)
Interest Income	**25**	**6**	**31**	14	14	28
Interest (Expense)	**(7,842)**	–	**(7,842)**	(9,056)	–	(9,056)
Profit/(Loss) Before Other income	**11,712**	**(1,080)**	**10,632**	13,923	(920)	13,003
Other income/(expense)	**1,522**	**(170)**	**1,352**	1,495	–	1,495
Profit/(Loss) Before Tax & Non-controlling Int	**13,234**	**(1,250)**	**11,984**	15,418	(920)	14,498
Taxation	–	**(4,100)**	**(4,100)**	–	162	162
Profit/(Loss) before Non-controlling interest	**13,234**	**(5,350)**	**7,884**	15,418	(758)	14,660
Equity Non-controlling interest	–	**(1,709)**	**(1,709)**	–	(1,983)	(1,983)
Profit/(Loss)	**13,234**	**(7,059)**	**6,175**	15,418	(2,741)	12,677

The Directors believe that the revenue achieved through the sale of DDGS does not constitute an operating segment as defined by applicable accounting standards DDGS is a by-product from the production process of ethanol and revenues are monitored accordingly

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	FY 2011 IRE $000	FY 2011 Head office $000	FY 2011 Total $000	FY 2010 IRE $000	FY 2010 Head office $000	FY 2010 Total $000
FIXED ASSETS						
Tangible assets	**152,547**	**260**	**152,807**	159,296	–	159,296
Investments in other companies	–	**510**	**510**	–	–	–
Restricted cash – Operating	–	–	–	–	–	–
Restricted cash – Cont Reserve	–	–	–	7,191	–	7,191
Deferred Financing Fees	**4,261**	**(196)**	**4,065**	5,129	(239)	4,890
Restricted cash – Debt Service	**10,384**	–	**10,384**	10,397	–	10,397
Intangible assets	**7,198**	**192**	**7,390**	7,198	192	7,390
Total fixed assets	**174,390**	**766**	**175,156**	189,211	(47)	189,164
CURRENT ASSETS						
Cash at bank and in hand	**42**	**6,853**	**6,895**	40	8,576	8,616
Restricted cash – Cont Reserve	**4,636**	–	**4,636**	–	–	–
Restricted cash – Operating	**5,500**	–	**5,500**	6,767	–	6,767
Stock	**10,745**	–	**10,745**	5,408	–	5,408
Trade Receivables	**3,758**	**162**	**3,920**	2,405	2	2,407
Prepayments	**1,243**	**29**	**1,272**	1,440	51	1,491
Other Receivables	–	**10**	**10**	1,000	24	1,024
Total current assets	**25,924**	**7,054**	**32,978**	17,060	8,653	25,713
Total Assets	**200,314**	**7,820**	**208,134**	206,271	8,606	214,877
CURRENT LIABILITIES						
Trade creditors	**6,988**	**31**	**7,019**	4,643	11	4,654
Deferred Revenue (Grant)	**131**	**3**	**134**	131	–	131
Current portion of LT Debt	**7,039**	–	**7,039**	7,039	–	7,039
Interest swap liabilities	**332**	–	**332**	1,891	–	1,891
Accruals	**1,909**	**490**	**2,399**	1,949	411	2,360
Total Current Liabilities	**16,399**	**524**	**16,923**	15,653	422	16,075

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION (CONTINUED)

	FY 2011 IRE $000	FY 2011 Head office $000	FY 2011 Total $000	FY 2010 IRE $000	FY 2010 Head office $000	FY 2010 Total $000
LONG TERM LIABILITIES						
Long Term Debt	**103,752**	**–**	**103,752**	123,752	–	123,752
Deferred Revenue (Grant)	**3,590**	**256**	**3,846**	3,527	–	3,527
Deferred Tax Liability	**–**	**4,100**	**4,100**	–	–	–
Total Long Term Liabilities	**107,342**	**4,356**	**111,698**	127,279	–	127,279
Total Liabilities	**123,741**	**4,880**	**128,621**	142,932	422	143,354
CAPITAL AND RESERVES					–	–
Share capital	**55,948**	**4,257**	**60,205**	55,948	4,257	60,205
Share premium account	**–**	**317**	**317**	–	317	317
Non-controlling interest	**–**	**9,368**	**9,368**	–	7,660	7,660
IFRS 2 reserve – brought fwd	**–**	**193**	**193**	–	156	156
IFRS 2 reserve – current period	**–**	**106**	**106**	–	37	37
Profit and loss account Prior	**7,391**	**(4,242)**	**3,149**	(8,026)	(1,503)	(9,529)
P & L – current	**13,234**	**(7,059)**	**6,175**	15,417	(2,740)	12,677
Total Capital and Reserves	**76,573**	**2,940**	**79,513**	63,339	8,184	71,523

All of the Group's production, marketing and sales activities take place in the United States Some management costs and costs relating to the public listing on AIM are incurred in the UK

Illinois River Energy LLC
IRE operates a dry mill, corn-based processing facility which produces fuel grade ethanol and two forms of distiller's grains The ethanol plant is located in Rochelle, Illinois where it processes over 40 million bushels of corn per year The facility has a capacity to annually produce up to 115 million gallons of denatured fuel grade ethanol and over 300,000 tons of dried distillers grains with solubles (DDGS)

GTL Resources
GTL developed the IRE project, secured the financing, managed the construction, and now manages the business GTL Resources is actively developing relationships to identify ways to enhance the corn to ethanol manufacturing process and evaluate emerging technologies to convert its standard ethanol plant into an advanced bio refining facility

The Group's revenue is primarily from its 3 main customers, all of which operate in the United States of America All 3 customers contributed more than 10% of the Group's FY 2011 total revenue amounting to $43 4 million, $77 4 million, $139 7 million (FY 2010 $37 0 million, $70 3 million, $108 9 million) The Group's largest customers act as brokers to the ultimate customer

NOTES TO THE FINANCIAL STATEMENTS

7 OPERATING PROFIT

Group operatıng profit for the year ıs stated after the followıng

	2011 $000	2010 $000
Company admınıstratıon and management expenses	**1,291**	972
Depreciatıon	**11,921**	11,858
Amortızatıon of long term deferred revenue	**(137)**	(131)
Other (ıncome)/expenses	**(145)**	42
Admınıstratıve – exceptıonal	**(1,679)**	(1,500)

Busıness ınterruptıon ınsurance proceeds are recorded as an exceptıonal credıt wıthın admınıstratıve expenses On 5 October 2009, a fire occurred at GTL's plant durıng ıts regular maıntenance shutdown, whıch ımpacted approxımately half of the plant's productıon capacıty for approxımately 43 days The plant has now fully recovered from thıs ıncıdent Losses ıncurred due to the repaır and replacement of the damaged equıpment, and busıness ınterruptıon losses, were covered by ınsurance polıcıes The Group receıved the final busıness ınterruptıon ınsurance claım reımbursements of $1 7 mıllıon ın fıscal 2011 The aforementıoned $1 7 mıllıon ıs reflected as Admınıstratıve – exceptıonal ın the Consolıdated statement of comprehensıve ıncome as was the ınıtıal $1 5 mıllıon claım reımbursements recorded ın fiscal 2010 The claım has been settled ın full and has been closed

8. AUDITOR'S REMUNERATION

	2011 $000	2010 $000
Fees payable to the Group's audıtor for the audıt of the Group's annual fınancıal statements	**34**	31
Fees payable to the Group's audıtor and ıts assocıates for other servıces		
The audıt of the Group's subsıdıarıes, pursuant to legıslatıon	**63**	54
Tax servıces	**86**	151(1)
All other servıces	**87**	139(1)

(1) Remuneratıon prımarıly for KPMG Plc tax, audıt, and other consultancy servıces

Remuneratıon for the annual audıt of the financıal statements relates to PKF (UK) LLP The prıor year tax and other servıces are comprısed of fees paıd maınly to KPMG Plc

NOTES TO THE FINANCIAL STATEMENTS

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

	Group 2011	Group 2010
Production	**42**	42
Administration	**31**	25
	73	67

The aggregate payroll costs of these persons were as follows

	Notes	2011 $000	2010 $000
Wages and salaries		**5,092**	4,846
Social security costs		**365**	357
Share-based payments	26	**106**	37
Contributions to defined contribution plans		**111**	99
		5,674	5,339

10. DIRECTORS' EMOLUMENTS

	Salaries and Fees		Taxable Benefits(2)		Defined pension plan contribution		Bonus(3)		Total emoluments	
	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
Executive directors										
Richard Ruebe(1)	**325**	312	**13**	9	**10**	11	**140**	100	**488**	432
Martha Schlicher (resigned 30/06/2009)	–	65	–	2	–	2	–	–	–	69
	325	377	**13**	11	**10**	13	**140**	100	**488**	501
Non-Executive directors										
Julia Henderson	**79**	80	–	–	–	–	–	–	**79**	80
Michael Nobbs	**39**	40	–	–	–	–	–	–	**39**	40
Graham Wickham	**41**	42	–	–	–	–	–	–	**41**	42
Martha Schlicher	**32**	21	–	–	–	–	–	–	**32**	21
	191	183	–	–	–	–	–	–	**191**	183
Aggregate emoluments	**516**	560	**13**	11	**10**	13	**140**	100	**679**	684

(1) The highest paid Director was Richard Ruebe

(2) Benefits incorporate all taxable benefits arising from employment which primarily relate to private medical insurance

(3) Bonus payments are made at the sole discretion of the Remuneration Committee

NOTES TO THE FINANCIAL STATEMENTS

The Company contributes to personal pension plans for all its employees, whereby the Company contributes a percentage of annual salary on behalf of full-time employee's including Executive Directors of the Company into personal pension schemes The number of Directors for which such payments were made during the year is as follows

	2011	2010
Directors	**1**	2

Directors' rights to subscribe for shares in, or debentures of, the Company are indicated below

	2011 Number of share options	2010 Number of share options	Exercise price	Exercise period
R Ruebe	**67,782**	67,782	£2 25	Dec 2007 – Jan 2016
R Ruebe	**350,000**	350,000	£0 21	Dec 2009 – Jan 2018
R Ruebe	**300,000**	–	£0 61	Jul 2013 – Jul 2020
J Henderson	**50,000**	–	£0 61	Jul 2013 – Jul 2020
M Nobbs	**50,000**	–	£0 61	Jul 2013 – Jul 2020

11. FINANCE INCOME AND EXPENSE RECOGNISED IN PROFIT OR LOSS

	2011 $000	2010 $000
Interest income on bank deposits	**31**	28
Net gain on remeasurement of interest rate swaps to fair value	**1,558**	1,488
Finance income	**1,589**	1,516
Interest expense on borrowings	**(7,842)**	(9,056)
Finance expense	**(7,842)**	(9,056)
Net finance expense	**(6,253)**	(7,540)

NOTES TO THE FINANCIAL STATEMENTS

12. TAXATION

Tax on profit may be analyzed as follows

	2011 $000	2010 $000
Tax expense/(credit)		
Current	–	(162)
Deferred	**4,100**	–
	4,100	(162)

Reconciliation of effective tax rate

	2011 $000	2010 $000
Profit before income tax	**11,984**	14,498
Income tax using the UK corporation tax rate of 26% (FY 2010 28%)	**3,115**	4,059
Effect of tax rates in foreign jurisdictions	**1,834**	1,566
Expenses not deductible for tax purposes	**6**	15
Non-controlling interest*	**(706)**	–
Capital allowances for period in excess of depreciation	-	(9,911)
Reversal of previously recognised US tax credits	**1,462**	–
Other timing differences	–	(587)
Prior year return adjustments	**896**	(162)
Increase/utilisation of tax losses	-	4,858
Recognition of prior years valuation claims	**(2,507)**	–
Total	**4,100**	(162)

*IRE is a pass through entity for income tax purposes As such, the non-controlling interests are responsible for income taxes relating to their pro rata share of profit before income tax

Factors that may affect future tax charge

The company has unrecognised deferred tax losses and tax incentives of $8,901,000 (2010 $12,058,000), see note 17

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvement $000	Plant and equipment $000	Assets under construction $000	Group Total $000	Company $000
Cost					
At 1 April 2009	7,602	179,272	1,096	187,970	–
Additions	35	1,114	542	1,691	–
Transfers	–	96	(96)	–	–
Disposals	–	(83)	–	(83)	–
At 31 March 2010	7,637	180,399	1,542	189,578	–
At 1 April 2010	**7,637**	**180,399**	**1,542**	**189,578**	–
Additions	**27**	**367**	**4,530**	**4,924**	–
Transfers	–	**60**	**(60)**	–	–
Disposals	–	**(636)**	–	**(636)**	–
At 31 March 2011	**7,664**	**180,190**	**6,012**	**193,866**	–
Depreciation and impairment					
At 1 April 2009	191	13,343	–	13,534	–
Depreciation for the year	313	11,545	–	11,858	–
Disposals	–	–	–	–	–
At 31 March 2010	504	24,888	–	25,392	–
At 1 April 2010	**504**	**24,888**	–	**25,392**	–
Depreciation for the year	**318**	**11,603**	–	**11,921**	–
Disposals	–	**(319)**	–	**(319)**	–
At 31 March 2011	**822**	**36,172**	–	**36,994**	–
Net book value					
At 1 April 2009	7,411	165,929	1,096	174,436	–
At 31 March 2010	7,133	155,511	1,542	164,186	–
At 1 April 2010	**7,133**	**155,511**	**1,542**	**164,186**	–
At 31 March 2011	**6,842**	**144,018**	**6,012**	**156,872**	–

Security

Borrowings are secured by the buildings, plant and equipment, and assets under construction

NOTES TO THE FINANCIAL STATEMENTS

14. INTANGIBLE ASSETS

Cost	Goodwill $000
At 31 March 2009 through to 31 March 2011	**7,390**

The goodwill relates to the investment in IRE The recoverable amount has been calculated with reference to its value in use and based upon management cash flow forecasts The carrying amount of the investment was determined to be lower than its recoverable amount resulting in no impairment The key features of this calculation are shown below

- cash flows were projected based on actual operating results Commodity prices for ethanol, corn, and natural gas reflect management's own assumptions based upon current market experience,
- the forecasts were prepared for a further five years, and
- a discount rate of 8 1% and growth rate of 2% were applied in determining the recoverable amount of the investment

15 INVESTMENTS BY THE COMPANY

	Shares in Group undertakings $000
At 1 April 2009 and 1 April 2010	56,294
Capital contribution to GTL Resources USA Inc	256
At 31 March 2011	**56,550**

The Company has the following investments in subsidiaries

	Percentage beneficial ownership by group		Class of shares held	Country of Incorporation/ Registration	
	2011	2010			
Illinois River Energy LLC	**87 13%**	87 13%	Ordinary	USA	Ethanol Production Company
Illinois River Energy Holdings LLC	**87.13%**	87 13%	Ordinary	USA	Project Holding Company
Low Carbon Energy Solutions LLC	**100.00%**	0 00%	Ordinary	USA	Alternative energy
GTL Resources USA Inc	**100.00%**	100 00%	Ordinary	USA	Project Holding Company
GTL Resources Overseas Investments Ltd	**100.00%**	100 00%	Ordinary	UK	Project Holding Company

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER FINANCIAL ASSETS

	2011 $000	2010 $000
Financial Assets		
Non current		
Debt service market investments	**10,384**	–
Debt service bank deposits	–	10,397
Contingency accounts	–	7,191
	10,384	17,588
Current		
Restricted use bank deposits	**5,500**	6,167
Debt service accounts	**600**	600
Contingency accounts	**4,036**	–
	10,136	6,767

The restricted use bank deposits are current cash funds drawn down under the terms of the senior debt agreement that are to be applied to specific trade creditor balances The debt service bank deposits and market investments must be maintained under loan covenants to ensure the capability of the Group to make minimum interest and loan repayments The contingency deposits are earmarked for potential silo related expenses As such, these amounts are not free to be used in the ordinary course of business, so they are not disclosed alongside ordinary cash balances

The Group's exposure to credit, currency and interest rate risks related to other financial assets is disclosed in note 27

17. DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items

	Group				Company			
	At 1 Apr 2010 $000	Rate variance $000	Recognition $000	**At 31 Mar 2011 $000**	At 1 Apr 2010 $000	Rate variance $000	Recognition $000	**At 31 Mar 2011 $000**
Deductible temporary differences	66	(5)	–	**61**	66	(5)	–	**61**
Tax credits	2,507	–	(2,507)	–	–	–	–	–
Tax losses	9,485	(645)	–	**8,840**	9,485	(645)		**8,840**
	12,058	(650)	(2,507)	**8,901**	9,551	(650)	–	**8,901**

The deductible temporary differences and tax losses do not expire under current tax legislation The above tax losses have not been recognised as there is no likely utilisation for these losses in the taxing jurisdiction where they were generated in the foreseeable future The $2 5 million of tax credits as of 31 March 2010 were treated in FY 2011 as follows $0 9 million of the tax credit was recognised as a tax asset, $1 0 million of the tax credit was utilised in FY 2011, and the remaining $0 6 was eliminated because it will not be utilised before it expires

NOTES TO THE FINANCIAL STATEMENTS

17 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	Assets		Liabilities	
Group	**2011 $000**	2010 $000	**2011 $000**	2010 $000
Property, plant and equipment	–	–	**29,370**	27,520
Pre-trading start-up costs	**1,522**	1,614	–	–
Derivatives	**116**	642	–	–
Deductible temporary differences	**1,761**	1,626	–	–
Tax credits	**872**	3,722	–	–
Other timing differences	–	–	–	365
Tax loss carry-forwards	**29,900**	32,339	–	–
Tax assets/liabilities	**34,171**	39,943	**29,370**	27,885
Set off of deferred tax assets and liabilities	**(25,270)**	(27,885)	**(25,270)**	(27,885)
Unrecognised deferred tax assets	**(8,901)**	(12,058)	–	–
Net tax assets/liabilities	–	–	**4,100**	–

No deferred tax assets or liabilities have been recognised in respect of the Company

18. INVENTORIES

	Group		Company	
	2011 $000	2010 $000	**2011 $000**	2010 $000
Raw materials and consumables	**4,873**	2,565	–	–
Work in progress	**2,763**	1,698	–	–
Finished goods	**3,108**	1,146	–	–
	10,744	5,409	–	–
Cost of inventories expensed in the income statement	**180,231**	135,374	–	–

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 $000	2010 $000	**2011 $000**	2010 $000
Trade receivables	**3,514**	2,124	–	–
Other receivables	**417**	1,307	**11**	24
	3,931	3,431	**11**	24

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 27

NOTES TO THE FINANCIAL STATEMENTS

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 $000	2010 $000	**2011 $000**	2010 $000
Bank balances	**4,776**	5,164	**3,854**	4,056
Short term deposits	**2,119**	3,452	**2,119**	3,452
Cash and cash equivalents in the statement of cash flows	**6,895**	8,616	**5,973**	7,508

The Group considers all highly liquid funds with an original maturity of three months or less to be cash equivalents

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 27

21. SHARE CAPITAL

	2011 £000	2010 £000
Allotted, called up and fully paid shares		
31,988,745 Ordinary shares of 1p each	**320**	320
31,988,745 Deferred shares of 99p each	**31,669**	31,669
	31,989	31,989

The Group and Company's share capital is denominated in sterling and recorded at historic exchange rates at the date of issue The Group and Company's share capital in US dollars is $60,205,265 (2010 $60,205,265)

The total number of issued ordinary shares in the Company is 31,988,745 ordinary shares with voting rights The holders of ordinary shares are entitled to receive dividends as may be declared from time to time and are entitled to one vote per share at meetings of the Company The rights of the Deferred Shares of 31,988,745 are very limited, they do not carry voting rights and carry no rights to dividends and only have rights to return of capital after very substantial sums have first been paid to the holders of new shares

NOTES TO THE FINANCIAL STATEMENTS

22 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows

Profit attributable to ordinary shareholders

	2011 $000	2010 $000
Profit attributable to ordinary shareholders	**6,175**	12,677

Weighted average number of ordinary shares

	2011 $000	2010 $000
Issued ordinary shares at 1 April	**31,989**	31,989
Issued/repurchased	**–**	–
Weighted average number of ordinary shares	**31,989**	31,989
Earning per share	**$0 19**	$0 40

Diluted earnings per share

The calculation of diluted earnings per share was based on profit attributable to the weighted average number of ordinary shares outstanding after factoring in an adjustment for the effect of all dilutive share options in GTL Resources PLC The calculation is as follows

Profit attributable to ordinary shareholders (diluted)

	2011 $000	2010 $000
Profit attributable to ordinary shareholders (diluted)	**6,175**	12,677

Weighted average number of ordinary shares (diluted)

	2011 $000	2010 $000
Issued ordinary shares at 1 April (diluted)	**31,989**	31,989
Effect of share options on issue	**433**	245
Weighted average number of ordinary shares (diluted)	**32,422**	32,234
Diluted earning per share	**$0.19**	$0 39

NOTES TO THE FINANCIAL STATEMENTS

23 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 27 For details on net debt, refer to note 28

	2011 $000	2010 $000
Non current liabilities		
Senior secured bank loans	**73,752**	93,752
Junior secured loan – IFA	**30,000**	30,000
	103,752	123,752
Current liabilities		
Current portion of secured bank loans	**7,039**	7,039
	7,039	7,039
Total loans and borrowings	**110,791**	130,791

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows

	Currency	Nominal interest rate	Year of maturity	2011 $000	2010 $000
Senior secured loan – West LB	USD	LIBOR + 3 50%	2015	80,791	100,791
Junior secured loan – IFA	USD	Fixed 8 50%	2020	30,000	30,000
Total interest-bearing liabilities				110,791	130,791

The senior bank loan and the subordinated junior loan are secured by all assets of the IRE subsidiary The carrying value as of 31 March 2011 of the IRE net assets consolidated within these Group accounts is $156,612,000 (31 March 2010 $164,186,000)

The senior debt outstanding as of 31 March 2011 was $80,791,000 (31 March 2010 $100,791,000) Minimum principal payments are required quarterly at 1 5% of the initial term loan balance Additional repayments are due under terms of the loan dependent upon profitability The facility requires repayment over a six year loan term

The $10,000,000 working capital loan facility was not utilised in fiscal 2011 or fiscal 2010

The junior debt outstanding as of 31 March 2010 was $30,000,000 (31 March 2010 $30,000,000) Repayment of the principal is scheduled after the senior debt noted above is repaid Interest on the junior debt is payable during the period that the senior debt exists On repayment or renegotiation of the senior debt, the principal of the junior debt must then be repaid over the subsequent four-year period

NOTES TO THE FINANCIAL STATEMENTS

24. DEFERRED GRANT REVENUE

	2011 $000	2010 $000
Non current	**3,846**	3,527
	3,846	3,527
Current	**134**	131
	134	131

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 $000	2010 $000	2011 $000	2010 $000
Trade payables	**6,988**	4,643	**–**	–
Other trade payables	**30**	5	**7**	2
Non-trade payables and other accrued expenses	**1,800**	1,732	**154**	86
Accrued interest expense	**600**	634	**–**	–
	9,418	7,014	**161**	88

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 27

26. SHARE-BASED PAYMENTS – GROUP AND COMPANY

The Group has three active Executive Share Option Schemes

The 2005 Approved Executive Share Option Scheme – adopted 31 August 2005 Options under this scheme are granted at the discretion of a committee of the Board of the Company to eligible employees

The 2005 Unapproved Executive Share Option Scheme – adopted on 31 August 2005 The scheme has rules substantially the same as for the Approved Scheme except that, in addition, options may be granted to companies who provide the services of an employee or Director to the Group

The 2006 Unapproved Executive Share Option Scheme – adopted on 1 December 2006 and amended on 30 September 2008 The scheme rules are substantially the same as that of the 2005 scheme other than specific restrictions in respect of eligibility and leavers

Share options, granted to employees, that existed at 31 March were as follows

Date of grant	2011 Number of share options	2010 Number of share options	Exercise price £	Exercise period
1 Dec, 2006	**22,594**	22,594	2 25	Dec 2007 – Jan 2016
1 Dec, 2006	**22,594**	22,594	2 25	Dec 2008 – Jan 2016
1 Dec, 2006	**22,594**	22,594	2 25	Dec 2009 – Jan 2016
9 Dec, 2008	**500,000**	600,000	0 21	Dec 2011 – Jan 2018
6 Jul, 2010	**33,333**	–	0 61	Jul 2011 – Jul 2020
6 Jul, 2010	**33,333**	–	0 61	Jul 2012 – Jul 2020
6 Jul, 2010	**533,334**	–	0 61	Jul 2013 – Jul 2020
	1,167,782	667,782		

NOTES TO THE FINANCIAL STATEMENTS

Under the scheme rules, options are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant All options are to be settled by physical delivery of shares The vesting period is across the first three years from the date the options are granted If the option remains unexercised after ten years from the date it was granted, they expire Options are forfeited if the employee leaves the Group before the options vest or does not exercise fully vested options within one year of leaving the Group

The number and weighted average exercise prices of options in issue are as follows

	2011		2010	
	Number of share options	**Weighted average share price**	Number of share options	Weighted average share price
Outstanding at beginning of year	**667,782**	**£0.42**	967,782	£0 53
Lapsed during the year	**(100,000)**	**£0.21**	(300,000)	£0 78
Granted during the year	**600,000**	**£0.61**	–	£0 00
Outstanding at end of year	**1,167,782**	**£0.53**	667,782	£0 42
Exercisable at end of year	**67,782**	**£2.25**	67,782	£2 25

The options outstanding at 31 March 2011 had exercise prices ranging from £0 21 to £2 25 and the weighted average remaining contractual life of these options were eight years

The fair value of services received in return for share options granted are measured by reference to the fair value of the share options granted The share options were valued internally using a Black-Scholes model as there is no dividend yield The key inputs to the model were

	Share options granted on 1 December 2006		
	1 year vest	2 year vest	3 year vest
Fair value at measurement date	£1 11	£1 05	£0 98
Exercise price	£2 25	£2 25	£2 25
Expected volatility	65 3%	65 3%	65 3%
Expected dividends	–	–	–
Risk-free interest rate	4 78%	4 85%	4 69%

	Share options granted on 9 December 2008		
	1 year vest	2 year vest	3 year vest
Fair value at measurement date	£0 09	£0 09	£0 09
Exercise price	£0 21	£0 21	£0 21
Expected volatility	55 5%	55 5%	55 5%
Expected dividends	–	–	–
Risk-free interest rate	3 10%	3 10%	3 10%

	Share options granted on 6 July 2010		
	1 year vest	2 year vest	3 year vest
Fair value at measurement date	£0 40	£0 38	£0 36
Exercise price	£0 61	£0 61	£0 61
Expected volatility	87%	87%	87%
Expected dividends	–	–	–
Risk-free interest rate	1 41%	1 41%	1 41%

NOTES TO THE FINANCIAL STATEMENTS

Employee expenses

	2011 $000	2010 $000
Share options granted on 1 December 2006	–	8
Share options granted on 9 December 2008	**18**	29
Share options granted on 6 July 2010	**88**	–
	106	37

Expected volatility assumptions were determined by reference to the daily share price movements from 1 September 2005 to the date of granting the options Historic data prior to this date is not considered appropriate given the significant changes to the Group including the placing of a significant number of shares and changes in the Group's activities

Share options are granted under a service condition and subject to either no performance conditions or a 'non-market based' performance condition Such conditions are not taken into account in the grant date fair value measurement of the services received There are no market conditions associated with the share options granted

27. FINANCIAL INSTRUMENTS
Credit risk
Exposure to credit risk
The group invests some of its surplus funds in high quality liquid market instruments Such investments have a maturity no greater than three months or are backed by the US government To reduce the risk of counterparty default, the Group deposits the rest of its surplus funds in approved high quality banks

Customers are assessed for credit worthiness and, where appropriate, the Group obtains security for its exposure to the risk of default

NOTES TO THE FINANCIAL STATEMENTS

The carrying amount of financial assets represents the maximum credit exposure The maximum exposure to credit risk at the reporting date was

		Group Carrying amount		Company Carrying amount	
	Note	**2011 $000**	2010 $000	**2011 $000**	2010 $000
Financial assets	16	**20,520**	24,355		
Trade and receivables	19	**3,931**	3,431	**11**	24
Cash and cash equivalents	20	**6,895**	8,616	**5,973**	7,508
		31,346	36,402	**5,984**	7,532

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was

	Group Carrying amount		Company Carrying amount	
	2011 $000	2010 $000	**2011 $000**	2010 $000
United Kingdom	**11**	24	**11**	24
United States	**3,920**	3,407	–	–
	3,931	3,431	**11**	24

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was

	Group Carrying amount		Company Carrying amount	
	2011 $000	2010 $000	**2011 $000**	2010 $000
Ethanol and distillers grains customers	**3,428**	2,114	**–**	–
Other receivables	**503**	1,317	**24**	24
	3,931	3,431	**24**	24

The Group's three most significant customers account for trade receivables of $1,544,000, $1,620,000 and $264,000 at 31 March 2011 (31 March 2010 $1,023,000, $457,000 and $634,000)

Impairment losses
The ageing of trade receivables at the reporting date was

	Group Gross		Company Gross	
	2011 $000	2010 $000	**2011 $000**	2010 $000
Not past due	**3,428**	2,114	**–**	–

No defaults have been experienced and the Group believes that no impairment allowance is necessary in respect of trade receivables All outstanding trade receivables at year-end have been paid in full

NOTES TO THE FINANCIAL STATEMENTS

Liquidity risk – Group

The following are the contractual maturities of financial liabilities and exclude the impact of netting agreements

31 March 2011	Carrying amount $000	Contractual cash flows $000	6 months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than 5 years $000
Non-derivative financial liabilities							
Secured loans	**110,791**	**(110,791)**	**(3,519)**	**(3,519)**	**(7,038)**	**(66,715)**	**(30,000)**
Trade and other payables(1)	**7,018**	**(7,018)**	**(7,018)**	–	–	–	–
Derivative financial liabilities							
Interest rate swaps(2)	**332**	**(332)**	**(332)**	–	–	–	–
	118,141	**(118,141)**	**(10,869)**	**(3,519)**	**(7,038)**	**(66,715)**	**(30,000)**

31 March 2010	Carrying amount $000	Contractual cash flows $000	6 months or less $000	6-12 months $000	1-2 years $000	2-5 years $000	More than 5 years $000
Non-derivative financial liabilities							
Secured loans	130,791	(130,791)	(3,519)	(3,519)	(7,038)	(21,114)	(95,601)
Trade and other payables(1)	4,648	(4,648)	(4,648)	–	–	–	–
Derivative financial liabilities							
Interest rate swaps(2)	1,891	(1,891)	(756)	(756)	(378)		–
	137,330	(137,330)	(8,923)	(4,275)	(7,416)	(21,114)	(95,601)

(1) Excludes derivatives (shown separately)

(2) Interest rate swaps are classified as financial liabilities at fair value through profit and loss

Interest rate swaps fair value

Level 1 Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date

Level 2 Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data

Level 3 Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability

The increase (decrease) in the fair value of interest rate swap agreements is determined under Level 2 inputs

	31 Mar 2011	Level 1	Level 2	Level 3
Interest rate swaps at fair value through profit or loss	(332)		(332)	

NOTES TO THE FINANCIAL STATEMENTS

Liquidity risk – Company

	Carrying and contractual values	
	2011 $000	2010 $000
Trade and other payables	**161**	88

The contractual maturities of Company financial liabilities are all six months or less

Currency risk – Group and Company
Exposure to currency risk
The exposures to sterling foreign currency risk for both the Group and Company were as follows based on notional amounts

	2011 $000	2010 $000
Trade and other receivables	**21**	40
Financial assets	**55**	55
Trade and other payables	**(161)**	(88)
Gross balance sheet exposure	**(85)**	7
Estimated forecast purchases	**(806)**	(557)
Gross exposure	**(806)**	(557)

A 1% change in the foreign exchange rate would result in a fluctuation of approximately $530 in the gross balance sheet exposure and a fluctuation of approximately $5,000 in gross exposure for profit and loss items

The following exchange rates applied during the year

	Average rate		31st March spot rate	
	2011 $000	2010 $000	**2011 $000**	2010 $000
Dollars GBP	**1.5555**	1 5963	**1 6208**	1 5072

NOTES TO THE FINANCIAL STATEMENTS

Interest rate risk – Group
Profile
At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments (post-swap) was

	Carrying amount	
	2011 $000	2010 $000
Fixed rate instruments		
Junior secured loan	**(30,000)**	(30,000)
Swap element of senior secured loan	**(39,900)**	(47,000)
	(69,900)	(77,000)
Variable rate instruments		
Financial assets	**27,415**	32,971
Variable element of senior secured loan	**(40,891)**	(53,791)
	(13,476)	(20,820)

(a) Fair value sensitivity analysis for fixed rate instruments
The fixed rate instruments include the junior debt of $30,000,000, and the interest rate swap outlined in note 5 The swap is not designated as a hedging instrument so is accounted for at fair value through profit or loss A change of 100 basis points in interest rates will increase or decrease the fair value of the instrument by $76,500 (2010 $465,250)

(b) Fair value sensitivity analysis for variable rate instruments
The variable element of the senior loan is linked to LIBOR and a 1% movement in the LIBOR rate would result in a fluctuation of $408,910 (2010 $537,910)

(c) Interest rates used for determining fair value of interest rate swaps
The interest rates used to discount estimated cash flows, where applicable, are based on the fair value determined by market quotes at balance sheet dates

Commodity price risk
The Group's results are substantially dependent upon commodity prices, especially prices for corn, natural gas, ethanol and distillers grains As a result of the volatility of the prices for these items, the Group results may fluctuate substantially Although the Group may attempt to offset a portion of the effects of fluctuations in prices by entering supply agreements for ethanol and distillers grains or purchase corn, natural gas or other items, the amount and duration of these risk mitigation activities may vary substantially over time

The Group's gross margin depends principally upon the spread between corn cost price and ethanol and distillers grains sales price Natural gas is the next single greatest cost after corn

NOTES TO THE FINANCIAL STATEMENTS

A one-cent movement in the Groups' commodity margin at full capacity results in a $1 15 million change in profit before tax

Classes and fair value of financial instruments

	2011		2010	
	Carrying Value $000	Fair Value $000	Carrying Value $000	Fair Value $000
Financial assets				
Trade receivables	**3,931**	**3,931**	3,431	3,431
Other financial assets	**20,520**	**20,520**	24,355	24,355
Cash and cash equivalents	**6,895**	**6,895**	8,616	8,616
Financial liabilities				
Non-current borrowings	**103,752**	**103,752**	123,752	123,752
Current borrowings	**7,039**	**7,039**	7,039	7,039
Trade and other payables	**9,418**	**9,418**	7,014	7,014
Interest rate swaps	**332**	**332**	1,891	1,891

It is the Directors' opinion that the carrying value of trade receivables and trade payables approximates their fair value

NOTES TO THE FINANCIAL STATEMENTS

Categories of financial instruments

31 March 2011	**Loans and receivables $000**	**Financial assets/ (liabilities) measured at amortised cost $000**	**Liabilities at fair value through profit or loss $000**
Trade receivables	**3,931**	–	–
Cash and cash equivalents	**6,895**	–	–
Non-current borrowings	–	**(103,752)**	–
Current borrowings	–	–	–
Current portion of non-current borrowings	–	**(7,039)**	–
Interest rate swaps	–	–	**(332)**
Other financial assets	**10,136**	**10,384**	–
Trade and other payables	–	**(9,418)**	–

31 March 2010	Loans and receivables $000	Financial assets/ (liabilities) measured at amortised cost $000	Liabilities at fair value through profit or loss $000
Trade receivables	3,431	–	–
Cash and cash equivalents	8,616	–	–
Non-current borrowings	–	(123,752)	–
Current borrowings	–	–	–
Current portion of non-current borrowings	–	(7,039)	–
Interest rate swaps	–	–	(1,891)
Other financial assets	24,355	–	–
Trade and other payables	–	(7,014)	–

The Company's classes of financial assets as of 31 March 2011 are cash and cash equivalents of $5,973,000 (31 March 2010 $7,508,000) and amounts owed by Group undertakings of $2,784,000 (31 March 2010 $2,020,000) It is the Directors' opinion that the carrying value of these financial assets is also their fair value

NOTES TO THE FINANCIAL STATEMENTS

28 NET DEBT

The Group's objectives when managing debt are to safeguard the Group's ability to continue as a going concern so that it can continue to provide benefits and value for shareholders and other stakeholders One of the subsidiaries of the Company holds restricted use, debt service and contingency bank deposits The restricted use bank deposits are current cash funds drawn down under the terms of the senior debt agreement that are to be applied to specific trade creditor balances The debt service bank deposits must be maintained under loan covenants to guarantee the capability of IRE to make minimum interest and loan repayments IRE maintains debt service bank deposits along with restricted cash deposits that effectively reduce total debt

Net debt was as follows

	Note	2011 $000	2010 $000
Loans and borrowings			
Non-current liabilities	23	**103,752**	123,752
Current liabilities	23	**7,039**	7,039
Total loans and borrowings		**110,791**	130,791
Less Other financial assets – Non-current	16	**10,384**	17,588
Other financial assets – Current	16	**10,136**	6,767
Cash and cash equivalents	20	**6,895**	8,616
Net debt		**83,376**	97,820

29. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows

	2011 $000	2010 $000
Less than one year		
– Land and builings	**61**	26
– Other	**247**	–
Between one and five years		
– Land and builings	**48**	–
– Other	**32**	418
	388	444

Other non-cancellable operating leases relate to 46 rails cars 31 rail cars have less than one year left on their lease which will be expiring on 30 September 2011 30 of those 31 rail cars are subleased through the end of their lease term, 30 September 2011, and will generate $114,000 of sublease income

NOTES TO THE FINANCIAL STATEMENTS

30. CAPITAL COMMITMENTS

There are two major outstanding purchase commitments as of 31 March 2011 One relates to the milling building and steel bin construction project and the other relates to the combined heat and power project At 31 March 2011, the amounts involved are $920,655 and $1,247,078, respectively (31 March 2010 $nil)

31. RELATED PARTIES

Parent and ultimate controlling party

The ultimate controlling parties of the Group are the Company shareholders

Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers, and contributes to personal defined contribution pension plans on their behalf as outlined in note 10

Executive officers also participate in the Group's share option programme (see note 26) Key management personnel compensation is outlined in note 10

Directors of the Company control less than 1% of the voting shares of the Company

32. CONTINGENCIES

On April 28 2009, GTL's majority owned subsidiary, IRE, filed a complaint, Case No 09L 15, in the Circuit Court of the Fifteenth Judicial Circuit, Ogle County, Illinois against Fagen, Inc Liberty Mutual Insurance Company, and GCube Insurance Services, Inc to preserve and protect IRE's legal rights under the Design-Build Agreement with Fagen for issues relating to a damaged corn silo and the February 2009 shutdown of IRE's ethanol plant and the insurance policy with GCube concerning business interruption IRE has taken these actions to facilitate the needed repairs to the corn silo and to protect and preserve IRE's legal rights, as well as the value of IRE's collateral These actions are consistent with IRE's rights and obligations under the Senior Credit Agreement the Loan Agreement IRE has with Wells Fargo, the Design-Build Agreement, GCube policy, and other related documents to this matter During FY 2011, legal proceedings have progressed with the parties at issue, written fact discovery has nearly concluded, and non-expert fact depositions are commencing A trial date has not yet been set and there have been no settlements or dismissals

GENERAL INFORMATION

Company secretary	Ovalsec Limited 2 Temple Back East Temple Quay Bristol BS1 6EG or DX 7818 Bristol
Registered office	107 Cheapside London EC2V 6DN Tel 01642 794000
Registered number	02811366
Auditors	PKF (UK) LLP Regent House Clinton Avenue Nottingham NG5 1AZ
Bankers	Yorkshire Bank Plc Tees Valley Area Business Centre Teesdale South Stockton on Tees TS 17 6SE
	JPMorgan Chase Bank, N A Multinational Corporate Group 270 Park Avenue, Floor 41 New York, NY
	HSBC Bank plc 8 Canada Square London EC14 5HQ
Registrars	Computershare Services Plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Solicitors	Osborne Clarke 2 Temple Back East Temple Quay Bristol BS1 6EG or DX 7818 Bristol
Nominated advisors and brokers	Cenkos 6 7 8 Tokenhouse Yard London EC2R 7AS
Website address	www gtlresources com