

D1 OILS TRADING LIMITED

Report and Financial Statements

31 December 2006

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REPORT AND FINANCIAL STATEMENTS 2006

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Registered No 4645184

DIRECTORS

Lord Oxburgh of Liverpool
E M Mannis
R K Gudgeon
K E Watkin

COMPANY SECRETARY

M Dean

REGISTERED OFFICE

Forty Foot Road
Middlesbrough
Cleveland
TS2 1HG

BANKERS

Barclays Bank plc
71 Grey Street
Newcastle upon Tyne
NE99 1JP

AUDITORS

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

SOLICITORS

Pinsent Masons
Citypoint
One Ropemaker Street
London
EC2Y 9AH

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2006

RESULTS AND DIVIDENDS

The loss for the year, after taxation, is £6,537,000 (2005 loss of £3,009,000) The directors do not propose the payment of a dividend

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity continues to be that of agronomy, refining and trading of bio-diesel

D1 Oils Trading Limited continues to manage all of the operational activities of the D1 Group including the operation of wholly owned subsidiaries both in the UK and abroad

The D1 Oils Group owns the rights to the D1 20 biodiesel refinery which has been developed and commissioned In addition, the company has (together with Joint Venture partners) secured rights to the output from large scale planting of *Jatropha* trees across Africa, India and South East Asia

The company believes that it is well positioned to take advantage of the increasing global demand for biodiesel in a market driven by heightened public awareness and evolving government policy

A review of the Group's business has been published in the financial statements of the company's ultimate controlling party, D1 Oils plc

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are assessed as technology risk, competitive risk, political and legislative risk, and financial instrument risk

Technology risk

D1 has chosen *jatropha curcas* as its principal feedstock for the production of biodiesel The cultivation of *jatropha* poses the normal agronomical and climatological risks associated with the cultivation of crops In addition, *jatropha* is a new crop for which a number of agronomical practices and cropping experiences remain to be developed, and which we are addressing in our plant science programme

Competitive risk

Refining and trading – a large number of companies operate in the European biofuels sector Many of these companies either operate in or have the capability to operate in the same areas as D1 With the spread of national obligations to introduce biofuel blends, there may be an increase in the number of potential competitors targeting the European biofuels market, including direct competitors in refining and trading of biodiesel

Political and legislative risk

The company operates on a global basis and must comply with a range of local legislative requirements and regulations, including legal, regulatory and taxation requirements, trade standards, trade and transportation restrictions, and tariffs Furthermore, the company depends on the position and continued support of various third parties, including national governments Any of these factors may be subject to changes which may adversely affect the company's ability to do business, or the performance of its business

In common with other crops, imports of *jatropha* seed and seedlings are subject to biological material import regulations In addition, as a new crop, a number of jurisdictions require additional regulatory measures prior to cultivating *jatropha* on a larger scale

Each country has its own national standard for biodiesel, for example EN14214 in the European Union These standards may be subject to change and we continuously test to ensure that our product is in compliance

The implementation of the Renewable Transport Fuels Obligation (RTFO) in the UK from April 2008 will have a major impact on the biofuels industry Although the UK Government has announced its commitment to a biofuels obligation as national policy, the level of fiscal support that the industry will receive under the obligation has not been set beyond 2010/11

DIRECTORS' REPORT

The company has entered into various agreements with third parties who are planting and growing *Jatropha*. The quality and quantity and cost of *Jatropha* that the company will be able to source under those agreements, and at what date, is inevitably subject to uncertainty.

Financial instrument risk

The company's results from its operations overseas could be adversely affected by currency fluctuations and dividend and exchange controls. The company looks to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a country level.

This is achieved by negotiating contracts in our regions of operation using local currencies and regulations. Working capital facilities are negotiated locally.

RESEARCH AND DEVELOPMENT

Refining – the Group has continued with the development of its D1 20 biodiesel production units and has satisfactorily run them to full capacity for extended periods meeting EN14214 biodiesel specification with soy feedstock. The first phase of developing the Group's transesterification technology has been completed. The Group is continuing its development of pre-processing units and associated technologies for free fatty acid reduction and degumming specifically for processing *jatropha* oil. These technologies also have the potential to process other non-edible vegetable oils.

SAFETY, HEALTH AND ENVIRONMENT

It is Group policy to minimise risks to employees and other stakeholders associated with the Group's activities. The Chief Executive Officer is accountable to the Board for the performance of the Group's safety programme.

During the last year, the Group had no major or minor accidents or dangerous occurrences as defined under the UK Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995.

There have also been no reportable environmental or loss of containment incidents.

Jatropha is a member of the *Euphorbiaceae* family. In common with other crops of this family it contains a number of natural compounds that are biologically active. Preparations of all parts of the plant, including seeds, leaves and bark are used for medicinal purposes. We aim to ensure that in harvesting and processing *jatropha*, the exposure of individuals to biologically active compounds is kept to a minimum. D1 intends to lead the development of safe handling of *jatropha* and its byproducts.

CORPORATE AND SOCIAL RESPONSIBILITY

D1 Oils Trading Limited has a continuing commitment to act ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

DIRECTORS' REPORT

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned

In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, together with their interests in the share capital of the company, are as follows

	£1 Ordinary shares 2006 No	£1 Ordinary shares 2005 No
Lord Oxburgh of Liverpool (appointed 20 September 2006)	-	-
K E Watkin	-	-
E M Mannis	-	-
S P Douty (resigned 28 September 2007)	-	-
W P Campbell (appointed 17 May 2006, resigned 31 March 2007)	-	-
R K Gudgeon (appointed 25 May 2006)	-	-
P K Wood (resigned 16 January 2006)	-	-
A D Worrall (resigned 31 March 2006)	-	-

The interests of the directors in D1 Oils plc, the ultimate parent undertaking, are disclosed in the financial statements of that company

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

D1 Oils PLC, the ultimate parent company, has arranged insurance cover in respect of legal action against its directors and those of Group companies. To the extent permitted by UK law, D1 Oils PLC also indemnifies these directors. These provisions, which are qualifying third party indemnity provisions as defined by s 309B of the Companies Act 1985, were in force throughout the year and are currently in force

DIRECTORS' REPORT

SUPPLIER PAYMENT POLICY

It is Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay in accordance with those terms based upon the timely receipt of an accurate invoice. The trade creditor days of the company for the year ended 31 December 2006 were 30 days calculated in accordance with the requirements set down in the Companies Act 1985.

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

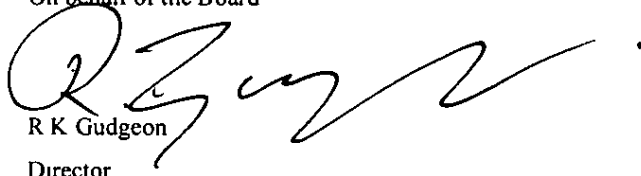
POST BALANCE SHEET EVENT

On 29 June 2007, the Group announced its intentions to establish a joint venture with BP International Limited to plant *Jatropha curcas*. The proposal was approved by the shareholders of the Group at an Extraordinary General Meeting on 27 July 2007.

RE-APPOINTMENT OF AUDITORS

In accordance with s 385 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for re-appointment of Ernst and Young LLP as auditor of the Company.

On behalf of the Board



R K Gudgeon

Director

18 January 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company 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 financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF D1 OILS TRADING LIMITED

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statements of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

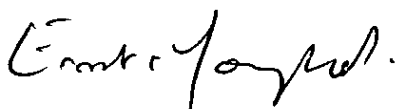
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

24 January 2008

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2006

	Note	2006 £000's	2005 £000's
TURNOVER	1	1,554	366
Cost of sales		<u>(4,115)</u>	<u>(363)</u>
GROSS (LOSS)/PROFIT		(2,561)	3
Administrative expenses		<u>(3,976)</u>	<u>(2,991)</u>
OPERATING LOSS	3	(6,537)	(2,988)
Interest payable and similar charges		<u>-</u>	<u>(21)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,537)	(3,009)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	11, 12	<u>(6,537)</u>	<u>(3,009)</u>

All activities derive from continuing activities

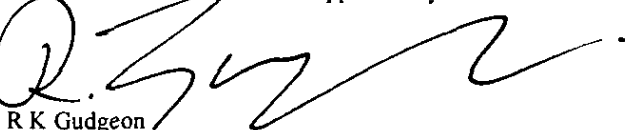
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss of £6,537,000 attributable to the shareholders for the year ended 31 December 2006 (2005 loss of £3,009,000)

BALANCE SHEET
at 31 December 2006

	Note	2006 £000's	2005 £000's
FIXED ASSETS			
Tangible fixed assets	5	7,092	1,324
Investments	6	161	29
		<u>7,253</u>	<u>1,353</u>
CURRENT ASSETS			
Debtors			
- amounts falling due after one year	7	6,407	5,247
- amounts falling due within one year	7	452	79
		<u>6,859</u>	<u>5,326</u>
Raw material stock		2,787	126
Cash at bank and in hand		103	1
		<u>9,749</u>	<u>5,453</u>
CREDITORS: amounts falling due within one year	8	<u>(27,508)</u>	<u>(10,775)</u>
NET CURRENT LIABILITIES		<u>(17,759)</u>	<u>(5,322)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(10,506)</u>	<u>(3,969)</u>
CREDITORS: amounts falling due after more than one year	9	<u>(840)</u>	<u>(840)</u>
NET LIABILITIES		<u>(11,346)</u>	<u>(4,809)</u>
CAPITAL AND RESERVES			
Called up share capital	10	125	125
Share premium	11	438	438
Profit and loss account	11	<u>(11,909)</u>	<u>(5,372)</u>
	12	<u>(11,346)</u>	<u>(4,809)</u>

The financial statements were approved by the Board of Directors on 18 January 2008 and signed on their behalf by



R K Gudgeon

Director

18 January 2008

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006**1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in both the current and previous financial year.

Fundamental Accounting Concept

At 31 December 2006 the company had net current liabilities of £17,760,000 and net liabilities of £11,346,000 which includes £25,692,000 due to the parent undertaking. The financial statements have been prepared on the going concern basis, as management believe that the company will obtain adequate ongoing financial support from its parent undertaking to allow it to meet its liabilities as they fall due for a period of at least 12 months from the date approval of these financial statements.

Accounting convention and basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Under S248 of Companies Act 1985, the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

The company is a wholly owned subsidiary of D1 Oils plc and has therefore taken advantage of the exemption within FRS1 'Cash flow Statements' from preparing a cash flow statement.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

Stock

Stocks are stated at the lower of cost or net realisable value. Stock, including seeds and seedlings, also contains direct labour and appropriate overheads where applicable. Net realisable value is based on estimated selling price, less other costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items as appropriate.

Current Tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred Tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and the law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation on tangible fixed assets is calculated to write off their cost, less estimated residual value, over their expected useful lives at the following annual rates using the straight line method:

Freehold land	not depreciated
Buildings	20 years
Plant and machinery	3 - 10 years
Fixtures, fittings and equipment	3 - 5 years

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recovered.

Leases

Rental payments under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Foreign currencies

Monetary assets and liabilities denominated in overseas currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Individual transactions are translated at the rate of exchange ruling on the date of transaction. All exchange differences are taken to the profit and loss account, except for those relating to foreign currency loans, the extent they are used to finance foreign currency investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investment.

Pensions

The company operates a defined contribution pension scheme. Membership of the scheme is open to all eligible employees of the company. All costs incurred in relation to the scheme are expensed as they are incurred.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006 £	2005 £
Directors' remuneration		
Emoluments (excluding pension contributions)	-	-

The directors received no remuneration in respect of their services to the company for the year ended 31 December 2006 (2005: £nil).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

The average number employed by the company including executive directors.	2006 No	2005 No
Executive directors	6	5
Technical	2	2
Administrative	10	16
	<u>18</u>	<u>23</u>
 The costs incurred in respect of these employees were	£000's	£000's
Wages and salaries	1,025	83
Social security costs	114	12
	<u>1,139</u>	<u>95</u>

3a OPERATING LOSS

	2006 £000's	2005 £000's
Operating loss is stated after charging		
Provisions against amounts due from subsidiary undertakings	-	283
Depreciation of owned assets	44	7

3b Auditors' remuneration

The auditors' remuneration costs are incurred in the group financial statements

	2006 £000's	2005 £000's
Auditors' remuneration – statutory audit	-	10

4. TAX ON LOSS ON ORDINARY ACTIVITIES

i) Analysis of tax on loss on ordinary activities

	2006 £	2005 £
United Kingdom corporation tax at 30% based on the loss for the year	-	-
Deferred Tax	-	-
Tax on loss on ordinary activities	-	-

ii) Factors affecting the tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK 30% (2005 30%) The differences are explained below, over

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

4 TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

	2006 £	2005 £
Loss on ordinary activities before tax	(6,537)	(3,009)
Tax at 30% there on	(1,961)	(902)
Expenses not deductible for tax purposes	657	141
Depreciation in excess of capital allowances	-	2
Losses for which no tax relief available	1,304	759
	-	-

At 31 December 2006 the company had expenditure of £8,639,000 (2005 £4,292,000) which may be available to set off against future trading profits of the company. A deferred tax asset has not been recognised in respect of the timing difference relating to this expenditure and accelerated capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £2,592,000 (2005 £1,275,000).

iii) Factors that may affect future tax charges

The 2007 budget announced a proposed reduction in the full rate of corporation tax from 30% to 28% with effect from 1 April 2008.

5 TANGIBLE FIXED ASSETS

	Freehold land £	Motor vehicles £	Plant and machinery £	Fixtures and fittings £	Total £
Cost					
At 1 January 2006	1,282	4	10	37	1,333
Additions	-	-	5,662	164	5,826
Disposals	-	(4)	(6)	(4)	(14)
At 31 December 2006	1,282	-	5,666	197	7,145
Accumulated depreciation:					
At 1 January 2006	-	-	3	6	9
Charge for the year	-	-	8	36	44
At 31 December 2006	-	-	11	42	53
Net book value:					
At 31 December 2006	1,282	-	5,655	155	7,092
At 31 December 2005	1,282	4	7	31	1,324

Included in the amounts for plant and machinery above are £38,487 of assets in the course of construction.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

6. FIXED ASSET INVESTMENTS

	Participating interests £000's	Shares in group undertakings £000's	Total £000's
Cost and Net Book Value			
At 1 January 2006	25	4	29
Additions	-	132	132
At 31 December 2006	25	136	161

The company owns more than 10% of the share capital of the following companies

	Country of registration	Nature of business	Shareholder Class	Holding %
D1 Oil Subsidiary Limited	UK	Biodiesel trading	Ordinary	100
D1 (UK) Limited	UK	Biodiesel trading	Ordinary	100
D1 Oils South Africa (PTY) Limited	South Africa	Biodiesel trading	Ordinary	95
D1 Oils Asia Pacific Inc	The Philippines	Biodiesel trading	Ordinary	100
D1 Oils Africa PTY Limited	South Africa	Dormant	Ordinary	100
D1 Oils Tanzania Limited	Tanzania	Dormant	Ordinary	90
D1 Oils Ghana (PTY) Limited	Ghana	Biodiesel trading	Ordinary	100
D1 Oils Malaysia SBN BHD	Malaysia	Biodiesel trading	Ordinary	50
D1 Oils India Pvt Limited	India	Biodiesel trading	Ordinary	100
D1 Oils Madagascar Limited	Madagascar	Biodiesel trading	Ordinary	100
D1 Oils Zambia Limited	Zambia	Biodiesel trading	Ordinary	100
D1 Oils Asia Pacific PTE Limited	Singapore	Bio diesel trading	Ordinary	100
GroupBio Limited	UK	Engine development	Ordinary	25
D1 Oils Mohan Pvt Limited	India	Biodiesel trading	Ordinary	50

7 DEBTORS

	2006 £000's	2005 £000's
Amounts owed by group undertakings	6,407	5,247
Loans to associates	10	1
Trade debtors	219	-
Other debtors	50	50
VAT	118	-
Prepayments and accrued income	55	28
	<u>6,859</u>	<u>5,326</u>

Amounts falling due after one year included above are

	2006 £000's	2005 £000's
Amounts owed by group undertakings	<u>6,407</u>	<u>5,247</u>

At the year end management reviewed the recoverability of amounts owed by group undertakings. As a result of this review a provision of £1,990,000 has been reflected in operating costs in the year.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£000's	£000's
Trade creditors	1,200	286
Amounts owed to parent undertaking	25,692	10,310
Amounts owed to related undertaking	255	-
Other creditors	36	-
Accruals and deferred income	325	179
	<u>27,508</u>	<u>10,775</u>

9 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2006	2005
	£000's	£000's
Mortgage	<u>840</u>	<u>840</u>
Amounts are repayable as follows.		
Within one year or on demand	60	-
Within one to two years	60	60
Within two to five years	120	180
Over five years	<u>600</u>	<u>600</u>
	<u>840</u>	<u>840</u>

The mortgage relates to the property at the Forty Foot Road, Middlesbrough, TS2 1HG. The mortgage is secured by a fixed charge over the property. The interest rate payable on the loan is fixed at 1.75% over LIBOR for the period of the mortgage which is repayable in 56 quarterly instalments commencing March 2007.

10. CALLED UP SHARE CAPITAL

	2006	2005
	£000's	£000's
Authorised		
1,000,000 ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
125,000 ordinary shares of £1.00 each	<u>125</u>	<u>125</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

11. MOVEMENTS ON RESERVES

	Share premium account £000's	Profit and loss account £000's
At 1 January 2006	438	(5,372)
Loss for the financial year	-	(6,537)
At 31 December 2006	<u>438</u>	<u>(11,909)</u>

12 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' DEFICIT

	2006 £000's	2005 £000's
Loss for the financial year	(6,537)	(3,009)
Net increase in shareholders' deficit	(6,537)	(3,009)
Opening equity shareholders' deficit	(4,809)	(1,800)
Closing equity shareholders' deficit	<u>(11,346)</u>	<u>(4,809)</u>

13. FINANCIAL COMMITMENTS

Capital commitments

Amounts contracted for but not provided in the financial statements amount to £Nil for the company (2005 £Nil)

Supply commitments

From time to time the company enters into supply commitments for the supply of Jatropha oil and seeds. All of these contracts are denominated in US Dollars.

14 ULTIMATE CONTROLLING PARTY

The company's ultimate parent undertaking is D1 Oils plc. It has included the company in its group financial statements, copies of which are available from the Company Secretary at its registered office at Forty Foot Road, Middlesbrough, TS2 1HG.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2006

15 RELATED PARTY TRANSACTIONS

The company has a 50/50 joint venture agreement with a joint partner, Mohan Breweries and Distilleries Limited relating to D1 Oils Mohan Pvt Limited. The agreement requires Mohan Breweries and Distilleries Limited to lead on planting of Jatropha and for D1 Oils Trading Limited to lead on design and implementation of transesterification technology. D1 Oils Trading Limited did not introduce any working capital into the joint venture during the year. There were no amounts outstanding at 31 December 2006.

The Group also has an associate agreement with GroupBio Limited to provide sponsorship funding to develop and race a biofuel racing car. During the year ended 31 December 2006 D1 Oils Trading Limited introduced £nil (2005 £25,000) of share capital and £nil (2005 £65,000) of sponsorship funding. An amount of £10,000 (2005 £1,000) was outstanding at 31 December 2006.

In accordance with Financial Reporting Standard No 8, the company has taken advantage of the exemption for subsidiary undertakings, whose 90% or more voting rights are controlled within a group, from the requirement to disclose related party transactions with certain Group companies, as the consolidated financial statements in which the company is included are publicly available.

Any related party transactions have been declared in the Group consolidated statements which are available from the Company Secretary at its registered office at Forty Foot Road, Middlesbrough, TS2 1HG.

16. PENSION COSTS

The Group operates defined contribution pension schemes for the directors and staff. The assets of the schemes are held separately from those of the Group in independently administered funds. Membership of the scheme is open to all eligible employees of the Group. During the year, there were no pension costs incurred (2005 £nil).