Company Registration No. 4645184

REGISTRAR

D1 OILS TRADING LIMITED

Report and Financial Statements

31 December 2007

REPORT AND FINANCIAL STATEMENTS 2007

CONTENTS

Registered No: 4645184

DIRECTORS

E M Mannis	
R K Gudgeon	(resigned 13 December 2007)
K E Watkin	(resigned 10 March 2008)
S P Douty	(resigned 28 September 2007)
C Tawney	(appointed 13 December 2007, resigned 21 May 2008)
W P Campbell	(resigned 31 March 2007)
B Good	(appointed 27 May 2008)

COMPANY SECRETARY

M Deane	(appointed 18 October 2007, resigned 21 May 2008)
Pinsent Masons LLP	(appointed 21 May 2008)

REGISTERED OFFICE

1 Park Row
Leeds
LS1 5AB

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 LLP
Citypoint
One Ropemaker Street
London
EC2Y 9AH

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2007.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity was that of refining and trading of bio-diesel. The trading of biodiesel proved to be uneconomic during the year.

During the year the company entered into a joint venture with BP International Limited and established D1-BP Fuel Crops Limited. Under the terms of the joint venture, D1 transferred all of its existing planting and substantially all of its overseas operations into D1-BP Fuel Crops and granted BP options over ordinary shares in D1 Oils plc. In consideration BP has undertaken to fund the first £31.75m of the joint venture's working capital requirements; thereafter both partners will fund additional working capital requirements equally. The profit for the year is stated after recognising a net deficit on transfer of operations to the joint venture of £2,764k as shown in note 7.

Impairment of fixed assets

An impairment write down of £8,455k has been recognised in the year in respect of the company's offices, land and oil refinery fixed assets at Teesside.

Cessation of refining and trading activities at Teesside and Bromborough.

D1 announced on 7 March 2008 that a consultation process had commenced with employees at the Teesside site. It is the intention of the group to cease its refining and trading operations and consultations as to the future of the sites will include their potential closure and sale. As a result, certain contractual commitments which have become onerous are to be renegotiated or terminated and certain restructuring costs will be incurred.

Inter-group loans waived/written off

As a result of the review of operations outlined above, a number of inter-group loans have been waived/written off as non-recoverable. The profit for the year is therefore stated after crediting £48,066k in respect of the waiver of a loan due to the parent company, and charging £11,396k in respect of loans due to D1 Oils Trading Limited from other group undertakings.

A review of the group's business has been published in the financial statements of the company's ultimate holding company, D1 Oils plc.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Going concern
The company is a subsidiary of D1 Oils plc, which heads a group engaged in the development of bio-fuels technology and business. In preparing these accounts on the going concern basis, the directors have considered the current financial position of the group, the forecasts for the coming year and the risks inherent in operating in this market at this time. After making enquiries, the directors have a reasonable expectation that the group and the company will have adequate resources to continue in operational existence for the next 12 months. For this reason they have adopted the going concern basis in preparing these financial statements. If the company were unable to continue to adopt the going concern basis, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long terms liabilities as current assets and liabilities.

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.

DIRECTORS' REPORT (continued)

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.

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.

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 (continued)

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' 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.

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 2007 were 13 days (2006: 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.

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

B Good

Director

24 November 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.

Ernst & Young

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 2007 which comprise the Profit and Loss Account, Statement if Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. 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 2007 and of its profit 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

Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

26 November 2008

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2007

	Note	2007 £000's	2006 £000's
TURNOVER	1	10,533	1,554
Cost of sales		(13,484)	(4,115)
GROSS LOSS		(2,951)	(2,561)
Administrative expenses		(4,781)	(3,976)
Exceptional item – net deficit on transfer of operation to joint venture		(2,764)	(3,976)
Fixed asset impairment		(8,455)	-
Waiver of loan due to parent company		48,066	-
Write off of loans due from group undertakings		(11,396)	-
OPERATING PROFIT/(LOSS)	3	17,719	(6,537)
Interest payable and similar charges		(80)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		17,639	(6,537)
Tax on profit/(loss) on ordinary activities	4	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	13, 14	17,639	(6,537)

As at the year end all activities are classified as continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2007

There are no recognised gains or losses other than the profit of £17,639,000 attributable to the shareholders for the year ended 31 December 2007 (2006: loss of £6,537,000).

BALANCE SHEET
Year ended 31 December 2007

	Note	2007 £000's	2006 £000's
FIXED ASSETS			
Intangible assets	5	14	-
Tangible fixed assets	6	1,000	7,092
Investments	7	4,036	161
		5,050	7,253
CURRENT ASSETS			
Stock		1,960	2,787
Debtors			
- amounts falling due after one year	8	4,176	6,407
- amounts falling due within one year	8	1,273	452
Cash		335	103
		7,744	9,749
CREDITORS: amounts falling due within one year	9	(2,781)	(27,508)
NET CURRENT ASSETS/(LIABILITIES)		4,963	(17,759)
TOTAL ASSETS LESS CURRENT LIABILITIES		10,013	(10,506)
CREDITORS: amounts falling due after more than one year	10	(720)	(840)
Provisions for liabilities	11	(3,000)	-
NET ASSETS/(LIABILITIES)		6,293	(11,346)
CAPITAL AND RESERVES			
Called up share capital	12	125	125
Share premium	13	438	438
Profit and loss account	13	5,730	(11,909)
TOTAL EQUITY SHAREHOLDERS' SURPLUS/(DEFICIT)	14	6,293	(11,346)

The financial statements were approved by the Board of Directors on 24 November 2008 and signed on their behalf by:

B Good

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

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

The company is a subsidiary of D1 Oils plc, which heads a group engaged in the development of bio-fuels technology and business. In preparing these accounts on the going concern basis, the directors have considered the current financial position of the group, the forecasts for the coming year and the risks inherent in operating in this market at this time. After making enquiries, the directors have a reasonable expectation that the group and the company will have adequate resources to continue in operational existence for the next 12 months. For this reason they have adopted the going concern basis in preparing these financial statements. If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long terms liabilities as current assets and liabilities.

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 2007

1. **ACCOUNTING POLICIES** (continued)

Intangible fixed assets and depreciation

Software (operating licences) is initially carried at cost and thereafter stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful economic lives of 3-5 years.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. In addition, the carrying value of capitalised development expenditure is reviewed for impairment annually before being brought into use.

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**

	2007	2006
	£	£
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 2007 (2006: £nil).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

The average number employed by the company including executive directors:	**2007 No.**	**2006 No.**
Executive directors	2	6
Technical	10	2
Administrative	11	10
	23	18

The costs incurred in respect of these employees were:	**£000's**	**£000's**
Wages and salaries	1,615	1,025
Social security costs	162	114
	1,777	1,139

During 2007, Costs associated with the administration employees were borne by D1 Oils plc.

3a OPERATING PROFIT/(LOSS)

	2007 £000's	**2006 £000's**
Operating profit is stated after charging/(crediting):		
Loans waived by parent company	(48,066)	-
Write off of loan amounts due from subsidiary undertakings	11,396	-
Impairment of fixed assets	8,455	-
Depreciation of owned assets	134	44

3b Auditors' remuneration

	2007 £000's	**2006 £000's**
Auditors' remuneration – statutory audit	-	-

Auditors' remuneration in the current year was borne by D1 Oils plc.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

i) Analysis of tax on profit on ordinary activities:

	2007 £	2006 £
United Kingdom corporation tax at 30% based on the profit 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 lower than that resulting from applying the standard rate of corporation tax in the UK: 30% (2006: 30%). The differences are explained below.

	2007 £	2006 £
Profit on ordinary activities before tax	17,640	(6,537)
Tax at 30% thereon	5,292	(1,961)
Income not taxable	(14,420)	-
Expenses not deductible for tax purposes	6,006	657
Losses for which no tax relief available	3,122	1,304
	-	-

At 31 December 2007 the company had net losses of £10,405,236 (2006: £8,639,000) 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 in the year is £3,121,571 (2006: £2,592,000).

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

5. INTANGIBLE FIXED ASSETS

	Operating licences £000's	Total £000's
Cost:		
Additions	26	26
At 31 December 2007	26	26
Accumulated depreciation:		
Charge for the year	12	12
At 31 December 2007	12	12
Net book value:		
At 31 December 2007	14	14

6. TANGIBLE FIXED ASSETS

	Freehold land £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost:				
At 1 January 2007	1,282	5,666	197	7,145
Additions	-	2,474	23	2,497
At 31 December 2007	1,282	8,140	220	9,642
Accumulated depreciation:				
At 1 January 2007	-	11	42	53
Charge for the year	-	66	68	134
Impairment	282	8,063	110	8,455
At 31 December 2007	282	8,140	220	8,642
Net book value:				
At 31 December 2007	1,000	-	-	1,000
At 31 December 2006	1,282	5,655	155	7,092

Included in the amounts for plant and machinery above are £nil (2006: £38,487) of assets in the course of construction.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

7. FIXED ASSET INVESTMENTS

	Participating interests £000's	Shares in group undertakings £000's	Shares in D1-BP Fuel Crops Limited £000's	Total £000's
Cost and Net Book Value				
At 1 January 2007	25	136	-	161
Additions	35	904	3,907	4,846
Disposals	(60)	(911)	-	(971)
At 31 December 2007	-	129	3,907	4,036

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

	Country of registration	Nature of business	Shareholder Class	Holding %
D1 (UK) Limited	UK	Biodiesel trading	Ordinary	100
D1-BP Fuel Crops Limited	UK	Jatropha plantations	Ordinary	50
D1 Oils Philippines Inc	The Philippines	Biodiesel trading	Ordinary	100
D1 Oils Africa Pty Limited	South Africa	Dormant	Ordinary	100
D1 Oils Ghana (Pty) Limited	Ghana	Dormant	Ordinary	100
D1 Oils Malaysia SBN BHD	Malaysia	Biodiesel trading	Ordinary	50
D1 Oils India Private Limited	India	Biodiesel trading	Ordinary	100
D1 Oils Madagascar SARL	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	55

On 27 July 2007, shareholders approved a 50:50 joint venture between D1 Oils Trading Limited and BP International Limited for the purpose of planting *Jatropha curcas* and selling jatropha oil.

The joint venture was established on 1 October 2007 through the creation of D1-BP Fuel Crops Limited, a company incorporated in England, in which D1 Oils Trading Limited and BP International Limited own equal shares.

Under the terms of the joint venture agreement, D1 Oils Trading has transferred its existing planting and overseas operations into D1-BP Fuel Crops Limited. Share options over 11,725,467 ordinary shares in D1 Oils plc were granted under the terms of the agreement. The charge associated with these share options, which totals £12,787k, has been recognised within D1 Oils plc and accordingly £12,787k of the group's total investment in the joint venture company is recorded within D1 Oils plc. In consideration, BP International Limited has undertaken to fund the first £31.75m of the joint ventures working capital requirements through an equity subscription. Thereafter, both parties will fund the expenditure within the joint venture on a pro rata business. It is anticipated that the total funding requirement of the joint venture over the next five years will amount to approximately £80 million.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

7. FIXED ASSET INVESTMENTS (continued)

Exceptional item – deficit on transfer of operations to joint venture

	£000's
Investment in D1-BP Fuel Crops Limited (50% share)	3,907
Net assets transferred to joint venture or impaired	(4,993)
Costs associated with the transfer	(1,678)
Net deficit on transfer	(2,764)

8. DEBTORS

	2007 £000's	2006 £000's
Amounts owed by group undertakings	4,176	6,407
Loans to associates	-	10
Trade debtors	1,116	219
Other debtors	50	50
VAT	-	118
Prepayments and accrued income	107	55
	5,449	6,859

Amounts falling due after one year included above are:

	2007 £000's	2006 £000's
Amounts owed by group undertakings	4,176	6,407

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £000's	2006 £000's
Trade creditors	866	1,200
Amounts owed to parent undertaking	-	25,692
Amounts owed to related undertaking	-	255
Other creditors	50	36
Taxation and social security	154	-
Provisions and other financial liabilities	1,102	-
Accruals and deferred income	549	325
Mortgage	60	-
	2,781	27,508

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2007 £000's	2006 £000's
Mortgage	720	840
Amounts are repayable as follows:		
Within one year or on demand	60	60
Within one to two years	60	60
Within two to five years	120	120
Over five years	540	600
	780	840

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.

11. PROVISIONS FOR LIABILITIES

	Contractual commitments £000's
At 1 January 2007	-
Movements in the year	3,000
At 31 December 2007	3,000

Provision has been made for the Director's current best estimate of the cost of settling various contractual commitments which subsisted as at 31 December 2007. These commitments arise as a consequence of entering into the joint venture and the announced changes in strategic direction. This provision is expected to crystallise within 12 months.

12. CALLED UP SHARE CAPITAL

	2007 £000's	2006 £000's
Authorised		
1,000,000 ordinary shares of £1.00 each	1,000	1,000
Called up, allotted and fully paid		
125,000 ordinary shares of £1.00 each	125	125

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

13. MOVEMENTS ON RESERVES

	Share premium account £000's	Profit and loss account £000's
At 1 January 2007	438	(11,909)
Profit for the financial year	-	17,639
At 31 December 2007	438	5,730

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' SURPLUS/(DEFICIT)

	2007 £000's	2006 £000's
Profit/(loss) for the financial year	17,639	(6,537)
Net increase in shareholders' surplus/(deficit)	17,639	(6,537)
Opening equity shareholders' surplus/(deficit)	(11,346)	(4,809)
Closing equity shareholders' surplus/(deficit)	6,293	(11,346)

15. FINANCIAL COMMITMENTS & CONTINGENT LIABILITIES

Capital commitments

Amounts contracted for but not provided in the financial statements amount to £1,967,700 for the company (2006: £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.

Contingent liabilities

D1 has entered into discussions with D1-BP Fuel Crops and BP as to whether or not there was a planting shortfall as at 31 July 2007 for the purposes of the relevant provisions of the joint venture agreement. A provision has been made in relation to this matter and the Directors' current assessment is that there will be no further financial obligation arising in this regard and they expect to reach a satisfactory agreement with their joint venture partner (refer to note 11).

16. ULTIMATE CONTROLLING PARTY

The company's ultimate parent undertaking is D1 Oils plc. It has included the company it its group financial statements, copies of which are available from the Company Secretary at its registered office at 1 Park Row, Leeds, LS1 5AB.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

17. RELATED PARTY TRANSACTIONS

The group has a 50:50 joint venture agreement with a joint venture partner, BP International Limited relating to D1-BP Fuel Crops Limited. Through this joint venture vehicle, the parties will plant, cultivate and harvest *Jatropha curcas*, and extract and trade jatropha oil. As part of the agreement, the group provides certain technical support and agronomy services to the joint venture. During the year ended 31 December 2007, the group supplied assets and services to the joint venture totaling £2,119,000 and the amount due to the group as at 31 December 2007 was £2,119,000.

The group had a 50:50 joint venture agreement with a joint venture partner, Mohan Breweries and Distilleries Limited, relating to D1 Oils Mohan Pty Limited. The agreement required Mohan Breweries to lead on planting of jatropha and for D1 Oils Trading Limited to lead on design and implementation of transesterification technology. During the year ended 31 December 2007, D1 Oils Trading Limited subscribed for new shares in D1 Oils Mohan Pty Limited for an amount totaling £189,463. In entering into the joint venture arrangement with BP International Limited (note 13), D1Oils Trading Limited transferred its interest in D1 Oils Mohan Pty Limited to D1-BP Fuel Crops Limited on 1 October 2007.

The group entered into a 50:50 joint venture agreement with a joint venture partner, Williamson Magor & Co Limited relating to D1 Williamson Magor Bio Fuel Limited. The joint venture was established to plant, cultivate and harvest jatropha curcas and extract and trade jatropha oil. During the year ended 31 December 2007, D1 Oils Trading Limited subscribed for new shares in D1 Williamson Magor Bio Fuel Limited for amounts totaling £720,698. In entering into the joint venture arrangement with BP International (note 13), D1 Oils Trading Limited transferred its interest in D1 Williamson Magor Bio Fuel Limited to D1-BP Fuel Crops Limited on 1 October 2007.

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 2007 D1 Oils Trading Limited introduced £nil (2006: £nil) funding. An amount of £nil (2006: £10,000) was outstanding at 31 December 2007. At 31 December the value of the investment was impaired to £nil.

In accordance with Financial Report 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 1 Park Row, Leeds, LS1 5AB.

18. 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 (2006: £nil).