Company Registration No. 4645184

D1 OILS TRADING LIMITED

Report and Financial Statements

31 December 2008

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS

Registered No: 4645184

DIRECTOR

B R Good

COMPANY SECRETARY

M E Edwards

REGISTERED OFFICE

33-37 Charterhouse Square
London
EC1M 6EA

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

DIRECTOR'S REPORT

The director presents his report and financial statements for the year ended 31 December 2008.

CHANGES IN DIRECTORS

During the year the following appointments and resignations occurred:

E M Mannis	(resigned 22 December 2008)
K E Watkin	(resigned 10 March 2008)
C Tawney	(resigned 21 May 2008)
T W Melford	(resigned 21 May 2008)
B R Good	(appointed 27 May 2008)

In addition, M Deane resigned as company secretary on 21 May 2008. Pinsent Masons Secretarial Limited were appointed as company secretary on 21 May 2008 and resigned on 7 September 2009. M E Edwards was appointed as company secretary on 7 September 2009.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, is £4,942,000. The director does not propose the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity was that of refining and trading of bio-diesel. Since 9 April 2008, when the announcement was made concerning the cessation of refining and trading activities, the company has continued to manage all of the operational activities of the D1 Group including the operation of wholly owned subsidiaries both in the UK and abroad.

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

EVENTS SINCE THE BALANCE SHEET DATE

Sale of Forty Foot Road: On 23 July 2009 it was announced that contracts had been exchanged for the sale of Forty Foot Road. The total consideration, taking into account sale of associated equipment, is expected to be in the order of £1,000,000.

D1-BP Fuel Crops Limited: On 27 July 2009, the company took 100% ownership of D1-BP Fuel Crops Limited through the purchase of the 50% share holding from BP International Limited, details of which are on the D1 Oils Group website www.d1oils.com.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are interlinked with the principal risks and uncertainties facing the D1 Group ("The Group"). The Group's principal risks and uncertainties are assessed as commercial risk, biological and planting risk, strategic risk technology risk, competitive risk, contractual risk, political and legislative risk, and financial instrument risk.

Commercial risk

The Group will continue to have a cash requirement until it becomes cash generating. Following the unsuccessful outcome of the fundraising activity to market a share of the Joint Venture to third parties, the Group is restructuring its activities to concentrate on planting operations that are likely to be revenue generating and to market its technology and services to third parties. The Group anticipates that this activity will position the business more attractively for investors when economic conditions improve. However, there is a risk that future funding will not materialise.

Biological and planting risk

Planting undertaken by third parties can be difficult to measure accurately. There are inherent biological risks associated with any agricultural activity, including pests, disease, drought and other stress factors. These risks are greater in new crops, such as *Jatropha curcas*, for which agronomy and husbandry practices are still being developed. The rights to planting or offtake may prove difficult to enforce in various countries and prices payable will vary with local market conditions and the accessibility of the crop.

DIRECTOR'S REPORT (Continued)

Strategic risk

Assessing, selecting and delivering the optimum strategy for the group is a key requirement. As the group operates in immature markets, using new technologies, processes and teams, the risks associated with selecting and delivering the strategy are inherently high. The Board assesses, monitors and reviews strategy on a regular basis.

Technology risk

D1 has chosen *Jatropha curcas* as its principal feedstock for the production of biodiesel. The cultivation of Jatropha poses the normal risks associated with the cultivation of crops. In addition, Jatropha is a new crop for which planting and cropping practices are in development. We are addressing these issues in our plant science programme and through the work of D1-BP Fuel Crops.

Competitive risk

Plant science – *Jatropha curcas* is becoming more widely recognised globally as a potential feedstock for biodiesel production. As demand for biodiesel grows we can expect more entrants into the business of Jatropha plant science. While we seek to build collaborative relationships with potential partners across the industry, it is likely that some new entrants will become competitors. However, given the research lead in the selection and breeding of Jatropha achieved by D1's plant science programme, and the exclusive relationship between our plant science operations and our joint venture with BP, we believe that we are well positioned to maintain our lead in the related technology and services for selecting, breeding and multiplying Jatropha seedlings to deliver high yields of oil with good characteristics for biodiesel production.

Planting – The global development of the biofuels industry is leading to an increase in Jatropha planting operations worldwide. Our planting joint venture with BP was established in October 2007 and has significantly progressed its operations in the planting of Jatropha and the provision of expelling and transport logistics to bring commercial quantities of Jatropha vegetable oil to market. The planting operation was subsequently brought back into the D1 Group with the acquisition of BP's share of the joint venture on 27 July 2009.

Process technologies – as result of a thorough review of biodiesel refining operations the Board decided to withdraw from this activity. All refining equipment has now been successfully decommissioned and prepared for disposal. The care and maintenance of the equipment until disposal may result in unforeseen costs and the equipment may realise a lower value than previously expected.

Contractual risk

There are inherent uncertainties and risk associated with entering into contracts with suppliers, customers, financial institutions, landowners and employees. It is possible that such financial commitments may become onerous if circumstances change.

Political and legislative risk

The Group operates on a global basis and must comply with a range of local legislative requirements and regulations that include: legal, regulatory and taxation requirements; trade standards; trade and transportation restrictions; and tariffs. Furthermore, the Group depends on the position and continued support of various third parties, including national governments. Any of these factors may be subject to changes which could adversely affect the Group'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. We continuously test to ensure that our product is in compliance. A significant number of the world's key economies either have or are in the process of implementing mandatory biodiesel blends to encourage the use of greener road transport fuel. However, in a number of nations these mandates continue to be opposed by environmental pressure groups concerned about the sustainability of biofuels. Although Jatropha offers one of the most promising sustainable sources for biodiesel, the mandates that encourage the adoption of biodiesel in national markets may be subject to policy change.

Financial instrument risk

The Group's results from its operations overseas could be adversely affected by currency fluctuations and dividend and exchange controls. The Group 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.

DIRECTOR'S REPORT (Continued)

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 plc and D1 Oils Trading Limited have 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.

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.

DIRECTOR'S 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 2008 were 6 days (2007: 13 days) calculated in accordance with the requirements set down in the Companies Act 1985.

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as the 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 the company's auditor, the 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.

DIRECTOR'S REPORT (Continued)

GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due. There are circumstances that the Director has had to consider in deciding to prepare the financial statements on the going concern basis, which are set out in note 1 to these financial statements.

PRIOR YEAR ADJUSTMENT

The waiver of a loan due to the parent company that was made in the prior year has been reclassified as a capital contribution in equity rather than a gain in the profit and loss account. This reclassification has no impact on the net shareholder funds or cash flows of the company.

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 R Good
Director

Date: 11/1/10

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director is 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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 director is 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 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 19. 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 the director and auditors

The director's 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 Director's 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 director's 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 director's remuneration and other transactions is not disclosed.

We read the director's 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 director 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 2008 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 director's report is consistent with the financial statements.

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

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. These circumstances, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

Date: 12/1/2010

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2008

	Note	Continuing operations	Discontinued operations	2008 £000	Restated 2007 £000
TURNOVER	1	-	2,759	2,759	10,533
Cost of sales		-	(4,145)	(4,145)	(13,484)
GROSS LOSS		-	(1,386)	(1,386)	(2,951)
Administrative expenses		(1,550)	(1,029)	(2,579)	(4,781)
Exceptional item – net deficit on transfer of operation to joint venture		-	-	-	(2,764)
Impairment of D1-BP Fuel Crops investment		(3,907)	-	(3,907)	-
Fixed asset impairment		-	(420)	(420)	(8,455)
Write off of loans due from group undertakings		(192)	(82)	(274)	(11,396)
OPERATING LOSS	3	(2,248)	(2,917)	(8,566)	(30,347)
Other income				158	-
Profit/(loss) disposal of fixed assets				45	-
Interest receivable				3	-
Interest payable and similar charges				(57)	(80)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				(8,417)	(30,427)
Tax on (loss)/profit on ordinary activities	4			74	-
LOSS FOR THE FINANCIAL YEAR	15			(8,343)	(30,427)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2008

There are no recognised gains or losses other than the losses of £8,343,000 attributable to the shareholders for the year ended 31 December 2008 (2007: loss of £30,427,000).

BALANCE SHEET
Year ended 31 December 2008

	Note	2008 £000	Restated 2007 £000
FIXED ASSETS			
Intangible assets	5	1	14
Tangible fixed assets	6	-	1,000
Investments	7	129	4,036
		130	5,050
CURRENT ASSETS			
Assets held for sale		1,000	-
Stock		-	1,960
Debtors			
- amounts falling due after one year	8	-	4,176
- amounts falling due within one year	8	6,717	1,273
Cash		280	335
		7,997	7,744
CREDITORS: amounts falling due within one year	9	(6,776)	(2,781)
NET CURRENT ASSETS		1,221	4,963
TOTAL ASSETS LESS CURRENT LIABILITIES		1,351	10,013
CREDITORS: amounts falling due after more than one year	10	-	(720)
Provisions for liabilities	11	-	(3,000)
NET ASSETS		1,351	6,293
CAPITAL AND RESERVES			
Called up share capital	13	125	125
Share premium	14	438	438
Capital contribution	14	51,467	48,066
Profit and loss account	14	(50,679)	(42,336)
TOTAL EQUITY SHAREHOLDERS FUNDS	15	1,351	6,293

The financial statements were approved by Director on 11/1/10

B R Good
Director

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2008

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 financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due. There are uncertainties that the Director has had to consider in deciding to prepare the financial statements on the going concern basis, which are set out below.

The company incurred losses of £8,343,000 during the year and as at 31 December 2008 had net assets of £1,351,000, including £6,567,000 owed by other companies in the group headed by D1 Oils plc. The recoverability of these receivables and the receipt of adequate ongoing financial support from other group companies is dependent on the group making sufficient progress in demonstrating Jatropha as a new energy crop, and thereafter achieving profitability and being cash generative over the longer term. As the Group headed by D1 Oils plc completes a substantial restructuring aimed to deliver its revised strategy at considerably reduced costs, its ability to achieve these goals is dependent on securing a successful new fundraising before existing group cash resources are depleted. This is currently forecast to be before the end of 2011.

In addition, the group is currently undergoing a period of uncertainty as to its future operational, commercial and financial strategy. This uncertainty has been created by a minority shareholder, representing approximately 28% of issued share capital, expressing views that the current strategy of the business should change to accommodate a specific major transaction involving a related party to that shareholder.

The Directors of D1 Oils plc have concluded that the future fundraising and the possibility that the Group does adopt the dissenting shareholder's proposal represent material uncertainties and accordingly the Director of the company has determined that these circumstances give rise to material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

Nevertheless, after making enquiries and considering these uncertainties, the Directors of D1 Oils plc have confirmed that they have a reasonable expectation that the group has adequate resources to continue in operational existence and to provide parental support to its subsidiaries, including D1 Oils Trading Limited, for the foreseeable future. Consequently the Director believes that the company has sufficient resources to meet its liabilities as they fall due and that it is appropriate to prepare these financial statements on a going concern basis.

Should the group headed by D1 Oils plc significantly underachieve its targets, or cash resources be depleted before new funds can be raised, or strategy be changed in a way that restricts the group's ability to generate sufficient ongoing funding, then its ability to provide financial support may be impaired and accordingly amounts receivable from other group companies may become irrecoverable and the going concern basis would be invalid. In these circumstances adjustments may have to be made to reduce the value of the assets to their recoverable amount, to provide for any further liabilities which might arise and to reclassify fixed assets and long-term liabilities to current assets and current 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 financial statements and has not done so, therefore the financial statements 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.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2008

1. **ACCOUNTING POLICIES** (continued)

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 director considers 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2008

1. ACCOUNTING POLICIES (continued)

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

Assets held sale

When an asset or disposal Group's carrying value will be recovered principally through a sale transaction rather than through continuing use, it is classified as held for sale and stated at the lower of carrying value and fair value less costs to sell. No depreciation is charged in respect of non-current assets classified as held for sale.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008 £000	2007 £000
Director's remuneration		
Emoluments (excluding pension contributions)	-	-

The director received no remuneration in respect of his services to the company for the year ended 31 December 2008 (2007: £nil).

The average number employed by the company including executive director:	**2008 No.**	**2007 No.**
Executive director	1	2
Technical	2	10
Administrative	8	11
	11	23

The costs incurred in respect of these employees were:	**£000**	**£000**
Wages and salaries	768	1,615
Social security costs	92	162
	860	1,777

During 2008, costs associated with the administration employees were borne by D1 Oils plc.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2008

3. OPERATING (LOSS)/PROFIT

(a) Operating profit is stated after (crediting)/charging:

	2008 £000	2007 £000
Write off of loan amounts due from group undertakings	274	11,396
Impairment of fixed assets	426	8,455
Impairment of D1-BP Fuel Crops investment	3,907	-
Depreciation of owned assets	8	134

(b) Auditors remuneration

	2008 £000	2007 £000
Auditors' remuneration – statutory audit	-	-

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

4. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

i) Analysis of tax on (loss)/profit on ordinary activities:

	2008 £000	2007 £000
United Kingdom corporation tax at 28% (2007: 30%) based on the loss for the year	-	-
	-	-
Research and development tax credits received	74	
Deferred tax	-	-
Tax credit on (loss)/profit on ordinary activities	74	-

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: 28% (2007: 30%). The differences are explained below:

	2008 £000	2007 £000
Loss on ordinary activities before tax	(8,417)	(30,427)
Tax at 28% (2007: 30%) thereon	2,357	9,128
Expenses not deductible for tax purposes	(1,216)	(6,006)
Losses for which no tax relief available	(1,141)	(3,122)
Research and development tax credits received	(74)	-
	(74)	-

At 31 December 2008 the company had net losses of £27,134,998 (2007: £10,405,236) 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

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2008

as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised in the year is £8,052,224 (2007: £3,121,571).

5. INTANGIBLE FIXED ASSETS

	Operating licences £000	Total £000
Cost:		
At 1 January 2008 and 31 December 2008	26	26
Accumulated depreciation:		
At 1 January 2008	12	12
Charge for the year	8	8
Impairment	5	5
At 31 December 2008	25	25
Net book value:		
At 31 December 2008	1	1
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 2008	1,282	8,140	220	9,642
Transfer to current assets	(1,282)	-	-	(1,282)
Additions	-	421	-	421
At 31 December 2008	-	8,561	220	8,781
Accumulated depreciation:				
At 1 January 2008	282	8,140	220	8,642
Transfer to current assets	(282)	-	-	(282)
Impairment	-	421	-	421
At 31 December 2008	-	8,561	220	8,781
Net book value:				
At 31 December 2008	-	-	-	-
At 31 December 2007	1,000	-	-	1,000

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2008

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £000	Shares in D1-BP Fuel Crops Limited £000	Total £000
Cost and Net Book Value			
At 1 January 2008	129	3,907	4,036
Impairment	-	(3,907)	(3,907)
At 31 December 2008	129	-	129

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	Dormant	Ordinary	100
D1 Oils Asia Pacific PTE Limited	Singapore	Biodiesel trading	Ordinary	100

At 31 December 2008, the company was a 50% shareholder in D1-BP Fuel Crops Limited. In the first half of 2009, D1-BP Fuel Crops Limited sought a third party funder to contribute to the operation. The result of the fundraising exercise was unsuccessful and as a consequence the company impaired its investment in D1-BP Fuel Crops Limited to nil to reflect the uncertainty of future cash flows in the investment.

8. DEBTORS

	2008 £000	2007 £000
Amounts owed by group undertakings	6,567	4,176
Trade debtors	1	1,116
Other debtors	140	50
Prepayments and accrued income	9	107
	6,717	5,449

Amounts falling due after one year included above are:

	2008 £000	2007 £000
Amounts owed by group undertakings	-	4,176

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2008

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Note	2008 £000	2007 £000
Trade creditors		110	866
Other creditors		-	50
Taxation and social security		-	154
Provisions and other financial liabilities		-	1,102
Accruals and deferred income		146	549
Provisions	11	5,800	-
Mortgage	10	720	60
		6,776	2,781

10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Note	2008 £000	2007 £000
Mortgage		-	720
Amounts are repayable as follows:			
Within one year or on demand	9	720	60
Within one to two years		-	60
Within two to five years		-	120
Over five years		-	540
		720	780

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. The mortgage was repaid in full in July 2009.

11. PROVISIONS FOR LIABILITIES

	2008 £000
At 1 January 2008	3,000
Addition	2,800
Transferred to current liabilities	(5,800)
At 31 December 2008	-

Provision was made for the director's best estimate of the cost of settling various contractual commitments which subsisted as at 31 December 2008. These commitments arose as a consequence of entering into the joint venture with BP and the announced changes in strategic direction. As at 31 December 2008 the commitments were deemed to be current in nature and moved to Creditors: amounts due within one year.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2008

12. OPERATING LEASE COMMITMENTS

Future minimum rentals under non-cancellable operating leases as at 31 December 2008 are as follows:

	2008 £000	2007 £000
Plant and equipment		
Within one year	98	98
After one year but not more than five years	134	232
After more than five years	-	-
	232	330

The machinery leases have an average duration of between one and four years.

13. CALLED UP SHARE CAPITAL

	2008 £000	2007 £000
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

14. MOVEMENTS ON RESERVES

	Capital contribution account £000	Share premium account £000	Profit and loss account £000
At 1 January as previously stated	-	438	5,730
Prior year adjustments	48,066	-	(48,066)
At 1 January 2008 as restated	48,066	438	(42,336)
Loss for the financial year	3,401	-	(8,343)
At 31 December 2008	51,467	438	(50,679)

In the prior year the waiver of a loan from the parent company was recognised as a gain. This transaction has now been reclassified as a capital contribution to better reflect the statement of principles within UK GAAP.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2008

15. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUND

	2008 £000	Restated 2007 £000
(Loss)/profit for the financial year	(8,343)	(30,427)
Capital contribution	3,401	48,066
Net (decrease)/increase in shareholders' fund/(deficit)	(4,942)	17,639
Opening equity shareholders' fund/(deficit)	6,293	(11,346)
Closing equity shareholders' fund	1,351	6,293

16. FINANCIAL COMMITMENTS

Capital commitments

Amounts contracted for but not provided in the financial statements amount to £nil (2007: £1,967,700) for the company.

17. 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 33-37 Charterhouse Square, London, EC1M 6EA.

18. RELATED PARTY TRANSACTIONS

At 31 December 2008, the Group had 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 2008, the Company supplied assets and services to the joint venture totalling £3,389,000 (2007: £2,119,000) and the amount due to the Company as at 31 December 2008 was £684,000 (2007: £2,119,000).

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 33-37 Charterhouse Square, London, EC1M 6EA..

19. PENSION COSTS

The D1 Group operates defined contribution pension schemes for the director and staff. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds on behalf of the company and amounted to £46,257 (2007: £nil).