D1 Oils plc
Annual report and accounts 2009

Growing
Energy
Solutions

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Overview

D1 Oils plc is an alternative energy crop company. We are pioneering the development of *Jatropha curcas*, a robust, tropical oilseed bearing tree, into a new sustainable energy crop that has the potential to replace food crops as a source of biodiesel. Jatropha is a hardy crop that is able to grow on a wide range of soils, including soils which are sub-optimal for arable agriculture. Its grain is crushed to produce inedible oil for biodiesel and meal that has the potential to be processed into a high-value, protein source for animal feed. We have an established plant science programme for Jatropha, and we provide commercial technology and services to the emerging Jatropha sector, including the breeding and selection of Jatropha seeds and seedlings, the development of planting practices and husbandry methods, and the harvesting and processing of Jatropha oil and meal.

Through our efforts in recent years, many farmers across India, Africa and Asia have been encouraged to plant Jatropha and advised on how to farm the crop towards maturity. We have contracts with these farmers that, in due course, we plan to purchase the grain harvest of these crops at the prevailing market price as they become ready for market. Elsewhere in this annual report this arrangement is referred to as “contract farming” and “planting interests”. D1 does not own this land or the crops growing on the land. As Jatropha grain harvests scale up, we are facilitating the transportation, processing and distribution of Jatropha oil and meal. In addition, we are investing in a research and development programme designed to generate the knowhow and technology base needed to enhance the economics of both existing and future generations of Jatropha planting.

This is an ambitious plan with many challenges yet to face and further funding still required, but we remain excited by the opportunity to create a sustainable business in future years.

Chairman's statement

Introduction
I was appointed Chairman of the Company in March 2010, having been a Non-Executive Director since October 2004.

Much of my time since my appointment has been spent on matters relating to the Offer Period to which the Company is currently subject, and on matters that have arisen between the Company and Principle Capital Fund Managers Limited ("PCFML" or "Principle Capital"), which acts for Principle Capital Investments Limited and Principle Capital LLP who collectively own 27.5% of the issued share capital of the Company. My statement deals with these two matters and goes on to deal with other corporate matters.

A separate section of this Annual Report contains the Report of Ben Good, our Chief Executive Officer and Finance Director, in which he sets out the progress made on our Jatropha activities over the last year. I am pleased to report that the business has made significant progress on delivering on its strategy. The achievements of our Operations, Science and Technology, and Business Development teams, in a year of change, refocusing and restructuring, have laid strong foundations for the future development of the business.

Offer period
On 12 November 2009, 6 May 2010 and 8 June 2010, the Company issued a series of announcements in relation to the Offer Period. In the 6 May 2010 announcement, it was disclosed that the Company was in discussions with two parties from whom indicative offers had been received, as well as earlier stage discussions with other parties. On 25 May 2010, one of these parties, Mission NewEnergy ("Mission"), a company quoted on the Australian Stock Exchange which has overlapping interests in Jatropha, identified itself to the market. In the 8 June 2010 announcement, it was confirmed that discussions were still ongoing with Mission, based on an in principle agreement that Mission would offer, inter alia, subject to the finalisation of confirmatory due diligence, £16m in new shares in Mission for the entire issued and to be issued share capital of D1. The Board also stated that the discussions with Mission and with other parties were targeted for completion within two months of the 6 May 2010 announcement.

Provided the buyer and the terms are acceptable, the Board believes that a sale of the Company at this point may be in the best interests of shareholders and other stakeholders. We will continue our negotiations and due diligence with this view in mind. However, this annual report is presented on the basis that the Group continues in its current form.

Principle Capital
On 25 November 2009, the Board published a strategy update in which it set out its future strategy for the Group. This announcement also gave details of proposals it had received from PCFML, requiring a cessation of business activities in Jatropha and a reverse take-over of Principle Energy Limited ("PEL"). On 14 December 2009, PCFML issued an announcement criticising the Board's proposed strategy and repeating its proposals. On 22 December 2009, shareholders representing 41% of the Company's share capital stated that they did not support the proposed acquisition of PEL on business, strategic and financial grounds.

On 12 May 2010, the Company announced that it had received a requisition notice requiring it to convene a general meeting to vote on resolutions to remove Ben Good, Henk Joos, Martin Jarvis and me from the Board and to replace us with two individuals associated with Principle Capital. On 27 May 2010, the Company duly published a formal notice of a general meeting for this purpose, which it scheduled for 14 June 2010. In both the 12 May 2010 announcement and the subsequent formal notice, the Board stated that it did not support these resolutions, because a change in the Board would not be appropriate in the middle of the offer discussions referred to above.

On 10 June, the Company announced that it had agreed in principle with PCFML to seek an adjournment of the general meeting from 14 June 2010 to 19 July 2010 in order to allow the offer discussions to proceed; this deferment was agreed by shareholders at the meeting on 14 June 2010.

At the present time there can be no certainty as to the outcome of a general meeting if it is held and the implications thereon for the business. However, this annual report is presented on the basis that the Group continues in its current form.

Financial statements for year ended 31 December 2009
The financial statements are attached and detailed comments thereon are included in Ben Good's Report.

Financial outlook
The gross and net cash position of the Company as at 31 May 2010 was £6.1m. This is on the same basis as net cash as reported in the 2008 annual report, i.e. after cash held as collateral and the Middlesbrough site mortgage, because those deductions no longer apply. During 2009, the Group settled its refining unit lease and Middlesbrough site mortgage which freed up £2.7m of restricted or secured cash.

This amount of £6.1m will be applied to the business plan going forward, together with the proceeds from the Bromborough site sale, if and when this takes place, and the remaining proceeds from the settlement with the US company referred to in Ben Good's report. After allowing for estimated revenues from the sales of Jatropha oil and co-products, and sales of seeds and agronomy services, plus associated grant income, the business plan will not be cash generative in either 2010 or 2011. However, we have reduced significantly the rate of expenditure by rationalising and merging the former D1-BP Fuel Crops and DOPSL organisations and associated office structures. This is an on-going process and we aim to make further reductions wherever we can. We are also limiting our investment in the operating countries. All this action has enabled us to extend the time window for which we expect to have sufficient cash resources.

Developing the business through 2011 and beyond will require a new capital injection, the success of which cannot be guaranteed. If a fundraising is not successful then there would be significant doubt about the Group's ability, in its current form, to continue as a going concern.

Principal reasons for uncertainties
The attention of shareholders is drawn to the Directors' Report on pages 13 to 16, which sets out the principal risks and uncertainties faced by the Group.

Going concern
The financial statements have been prepared on a going concern basis which assumes that the Company and the Group will continue in operating existence for the foreseeable future and meet its liabilities as they fall due. There are uncertainties that the Directors have had to consider in deciding to prepare the financial statements on the going concern basis which are summarised below.

Funding uncertainty
The Directors have prepared cash flow forecasts which show the Group will need to raise new funds in 2011. The key assumptions underlying these forecasts include maintaining the existing operations at the current rate of cash outflow, local borrowings to fund some working capital requirements in India, and generating cash inflow from the sale of Jatropha oil, by-products and technical services. These forecasts do not assume Bromborough is sold in the next twelve months, but if it is, then the potential effect would be an opportunity to extend the funding deadline. The cashflow forecasts approved by the Board of Directors take into account various other sensitivities and risks, including underperformance against expectations in individual areas. The Directors have also considered mitigation steps available to absorb some underperformance. As might be expected, the timing of future fundraising may need to be accelerated if certain anticipated cash inflows from asset sales or revenue generation are delayed or costs are higher than forecast.

In order to raise new equity, the business needs to ensure that it has made sufficient progress in demonstrating Jatropha as a new energy crop with sufficient oil flow, and thereafter it is able to achieve profitability and be cash generative over the longer term.

Transaction uncertainty
The Company is in an offer period. There can be no certainty that an offer will be made by a buyer and on terms that are acceptable and, furthermore, the implication of any potential transaction on the business itself cannot be assessed at this stage.

Management uncertainty
Principle Capital has requisitioned a general meeting to consider resolutions to change the composition of the Board. This meeting was due to be held on 14 June 2010 but has been adjourned to 19 July 2010. The outcome of any adjourned general meeting and the implications for the strategy of the business cannot be assessed with any certainty at this stage.

Directors' view
After making enquiries and considering these uncertainties, the Directors conclude that the issue of whether the Company can maintain positive cash resources until funds to continue implementation of the Group's business plan are secured and address the transaction and management challenges are material uncertainties which may cast significant doubt about the Group and Company's ability to continue as a going concern in its current form. The Directors believe that these uncertainties can be managed and mitigated and the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational

existence for the foreseeable future. Consequently the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Should management significantly underachieve the targets set out above and cash resources be depleted before an additional injection of funds, or the strategy be changed in a way which restricts the Group's ability to implement the business plan, then the going concern basis would be invalid and 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.

The Board
Martin Jarvis joined the Board in November 2009 as Operations Director, having formerly served as CEO of D1-BP Fuel Crops.

Moira Black, Non-Executive Director, and Brian Myerson, Non-Executive Director and Chairman, stepped down from the Board in February 2010 and March 2010 respectively. We thank them both for their contributions to the business.

Nicholas Ward joined the Board as Non-Executive Director in April 2010 and will take over as Chairman of the Audit Committee after the forthcoming annual general meeting.

Section 656 - Serious loss of capital
The Companies Act 2006 requires a general meeting to be held to determine what, if any, steps should be taken to deal with the situation when net assets of the Company are half or less of its called-up share capital. A general meeting for this purpose has been called for 29 June 2010.

Staff
2009 was a year of very significant change for D1 and this has continued into 2010. We thank all our staff for the capability, commitment and hard work that they have shown in what has been a challenging and fast-moving corporate environment.

Conclusion

I would like to thank our shareholders for their interest and support through a very difficult, challenging and uncertain time for the business.

Barclay Forrest
Chairman
28 June 2010

Report of Chief Executive Officer and Finance Director

The key strategic step in 2009 was our acquisition from BP of its 50% stake in D1-BP Fuel Crops Ltd (now D1 Oils Fuel Crops Ltd) (hereinafter referred to as D1-BP). The deal enabled us to take back full, direct management control of all the operations previously managed by D1-BP, giving us three key benefits. First, it was structured to maximise the cash position of the company. Second, it enabled us to rationalise the Group's cost structure significantly by combining overhead functions at Group and country level of the former D1 Oils plc, D1 Oils Plant Science and D1-BP entities. Third, it enabled us to start generating revenues from marketing our technology and expertise to other players in the industry, where previously we had been constrained by our exclusivity obligation to D1-BP.

In order to deliver these benefits, we reorganised the company into three business groups, each with a very specific value objective:

- Operations, whose task is to realise value from our existing planting interests in India, Africa and Indonesia;
- Science and Technology, whose task is to apply the company's knowhow and intellectual property to develop better yields and more valuable co-products, especially through a proprietary process for converting Jatropha seedcake into a high protein animal feed with the intention of capturing further value from the Jatropha crop; and
- Business Development, whose task is to monetise our IP and knowhow through new commercial relationships with other players in the expanding Jatropha sector and to pursue strategic crude Jatropha oil sales.

As well as this successful reorganisation, we have now nearly completed the restructuring started in 2008 with the announcement of our intention to withdraw from the downstream biodiesel production business. Of the two UK manufacturing sites, the Teesside one was sold, and the Bromborough one remains to be sold. On 4 February 2010, we announced exchange of contracts for Bromborough, but on 24 June 2010, we announced that there was material uncertainty as to the completion, and that if completion does not occur within a short period, then we would commence remarketing of the site. In addition, we successfully concluded the legal dispute that was reflected as a contingent liability in our 2008 annual report.

With the restructuring substantially complete, and the D1-BP business re-integrated and fully under our control, the management team is now able to focus on delivery of the company's core mission: to demonstrate further the potential of Jatropha, by creating a commercially viable business of scale.

Operations

D1's key value proposition in the medium term is the prospect of sourcing large quantities of oil through our contract and managed farming interests in existing planting. In addition, our significant operational experience and our ongoing R&D programme, which we believe sets us apart from the rest of the sector, are combining to build significant value in relation to the next generation of Jatropha planting. Whether this future planting is undertaken by D1 or by third parties supported by D1's seeds and advice, we believe its performance will be substantially better than "first generation" Jatropha planting, and our superior knowledge and genetics base will position us very well to realise value from that.

Our interests in existing planting comprise approximately 200,000 hectares, of which about 90% is in India, where we have two operations, both based around a contract farming model. D1 does not own the land or the crops growing on the land. One of these, accounting for about 115,000 hectares, is a joint venture, D1-Williamson Magor, in which we own a 50% stake, and the other is a wholly owned D1 operation, predominantly based in central India, which accounts for about 66,000 hectares. In all areas where we encourage third party farmers to plant Jatropha, we are also capitalising on selected opportunities to buy grain from sellers not contracted to us and arrange contracts with farmers with existing planting not previously involved with D1. As the 2009/10 harvesting season draws to a close, we expect to have collected about 800 tonnes of Jatropha grain worldwide.

We anticipate increases in harvest volumes mostly driven by the increasing maturity of the trees, but we are also planning on driving improvements in our contract farming network. This is being achieved by a combination of initiatives. First, it is important to have a solid baseline understanding of the condition and quality of the standing crop, for example to allow detailed in-year harvest forecasting, and to decide appropriate agronomic interventions. So we have a rolling programme of field surveys by selected and trained agronomy staff. Second, we need to keep adding to our knowledge base on the best way to farm the crops. So we are continuing to invest as part of our R&D programme in developing our agronomy knowledge, both through field observations of existing commercial planting and through a structured programme of some 74 trials in 30 locations worldwide, to develop practical recommendations on matters such as pruning and pest control. These are encapsulated in our field manuals, which we will refresh on a continuous basis, but which have recently enjoyed a major upgrade.

However, the key is not only to generate knowledge, but also to ensure it is being applied for practical value in the field. So we have invested considerable effort in upgrading our extension officer network. This has included adding numbers, replacing and relocating people, as well as significant training activities. We have also recently completed our programme to remove our reliance on intermediate companies or third party representatives in certain areas to ensure the farmer has a direct relationship with D1 (or D1-Williamson Magor).

Training is undertaken on a continuous "train the trainer" approach, with the initial events led by specialist agronomists, and is targeted at specific issues. For example, it became apparent in late 2009 that our 2009/10 harvest would have been bigger had we promoted pruning activities a little earlier in the year and had weed control been more robust in some areas. So we have just completed a major programme of training events to ensure improved quality and timeliness of these activities in future.

In Indonesia, we have about 14,000 hectares of contract farming arrangements. During 2009, we have focused our operations, principally in southern Sumatra and eastern Java, and established stronger local representation, through a combination of establishing field offices and removing our reliance on intermediate companies. In some areas, we have also increased the level of support provided to farmers through additional fertiliser contributions. In Sumatra, we have also established small seed orchards for the production of commercial quantities of planting seed for our next release of improved varieties. Combined with a significant reduction in the overhead structure for this operation, we have been able to achieve these improvements at the same time as reducing overall expenditure rates. The need to conserve cash has meant that we have not promoted increases to the planting footprint in this country, nor have we pursued the small consolidation opportunities which are starting to emerge there. Nevertheless, the existing planting relationships were responsible for a worthwhile proportion of the Group's overall grain volume total for the 2009/10 season, and, via a subcontracted expelling operation in central Java, we have produced and sold oil at a profitable gross margin.

In Zambia, we have about 400 hectares of contract farming arrangements, following significant previously announced write downs in 2007 and 2008. We have had the opportunity to remodel substantially our approach to outgrower management, following our studies of lessons learnt in other outgrower-based cropping businesses. Two training farms have been established to act as the focal point for our expertise and operations, and these are in turn supplemented by a satellite network of 22 demonstration farms. The former are managed directly by D1, the latter by selected lead farmers, and both are a "shop window" for recruiting and educating additional farmers in the vicinity. These arrangements have only been established this year, and therefore it is too soon to assess fully the benefits. However, the initial indications are very promising.

In Malawi, outgrower management is not currently part of our model, as our presence is restricted to a single farm jointly managed since 2009 by us and our local partner, a leading Malawian agricultural supplies company. In the course of this year, we planted an additional 200 hectares, and established two major agronomy trials (fertiliser and canopy management). The new planting brings the total up to about 900 hectares of contiguously planted Jatropha, and as such offers an exciting glimpse of what the future could offer for a large scale Jatropha plantation company. In order to conserve capital, we have recently agreed, subject to a contract currently being finalised with our partner, that our joint venture company being established will not buy the associated farm but will in fact rent the land, in increasing parcels as the planting footprint expands.

We are confident that we are implementing the right initiatives to maximise the performance of our various interests in Jatropha planting, although it is likely that the yields achieved by outgrowers will always be significantly less on average than those achieved on managed plantations in line with lower input costs.

Of course, significant harvest volumes alone are not enough. We also need to secure and maintain a profitable supply chain from farm gate to delivery of oil. Part of this is ensuring relationships with farmers are sufficiently established that available grain comes to D1. This is a further reason for the investment in the extension network discussed above. In the Raipur area, for example, we established this year a seasonal network of 15 collection centres across the catchment area for the expeller, to address the logistics challenges of bringing in comparatively small volumes from each grower over a wide area.

We also set ourselves the challenge this year of achieving a positive contribution margin for Jatropha oil and byproduct sales, after deducting grain price to farmers, transport and crushing costs. We are pleased to have achieved this for a significant proportion of our throughput, despite the comparatively low volumes involved. We believe this puts us in a strong position for future years, when increased volumes will help drive down unit costs and, in addition, margins should be further improved by installation of our own more efficient expelling technology, with potential for a yet further uplift on successful deployment of our animal feed technology.

Science and Technology

Alongside the progress in Operations, we have continued our commitment to our R&D programme, managed by the Science and Technology group. We continue to believe that the depth of our technical expertise in Jatropha,

founded on a five year R&D investment totalling some £12m, is a critical differentiator for D1, and the reason why we are approached by prospective partners and clients.

The programme is partly about providing ongoing technical support to the existing D1 Jatropha planting base, for example in relation to field surveys, agronomy support and laboratory analyses. But it is also about building the technological basis for a substantial improvement in the economics of the next generation of Jatropha planting. The programme is in three areas: breeding and cultivar development, agronomy knowledge and processing Jatropha into additional valuable co-products (primarily animal feed grade high protein meal).

The core of our breeding programme is at our global breeding centre in Cape Verde, where this year we have established a major new set of germplasm evaluation trials, breeder seed multiplication orchards to initiate the production cycle of our newly selected cultivars, an operational analytical laboratory, and a further generation of crosses to create better performing Jatropha genetics.

The technical results have been encouraging. We have selected a third generation of accessions for multiplication and use in commercial planting, which our trials indicate will have a 40-60% yield uplift on historic planting material. Seed from these is being multiplied in different target markets and commercial seed will be available in small quantities by the end of 2010. We have identified male sterile lines, which is a key step toward the development of commercial F1 hybrids of Jatropha. We have started trials to test our expectation that Jatropha displays sufficient heterosis effects to allow successful commercialisation of F1 hybrids. We have also established the first F1 hybrid production fields and are harvesting the first quantities of F1 hybrid seed before the end of 2010. We have also identified genetic material providing resistance to a commercially significant pest of Jatropha in some areas. This material forms the basis for the development of a next generation of Jatropha cultivars with resistance to this pest. In addition we established several commercial seed orchards of first and second generation Jatropha cultivars selected by the D1 team. The first batches of commercial seed of our improved cultivars are available today and offer the potential for a meaningful future revenue stream.

As mentioned above, our agronomy research programme is undertaking a range of trials, covering issues such as crop protection, canopy management, fertiliser application, harvesting practice and storage. We are also supplementing this with data from field surveys of our commercial planting and results at observatory farms. In addition we are working with third parties, including joint projects with Bayer (in India) and Syngenta (in Africa), as well as with local universities and research institutes. We believe that the field manuals and standard operations procedures which result from this work have a basis in science which is unrivalled in the industry. This includes the first concrete results to underpin advice to Jatropha farmers around the world on fertiliser optimization for the crop. We can also scientifically underpin advice on optimal canopy management practices (a combination of pruning regimes with planting density) in different Jatropha target areas. We also collected evidence from our trials and from the field surveys on the optimal planting window of Jatropha in different agro-climatic zones. These findings have also led to the further refinement of the professional crop calendars the company has developed over the last year. These form a very practical plantation management tool for existing and established plantations.

Finally, our animal feed programme is focused on the commercial development of some intellectual property which is unique in the industry. We have a process, currently being patented, which enables Jatropha kernel meal, the co-product of oil extraction, potentially to be sold as a high protein source for animal feed use. This represents an opportunity for a significant uplift in the economics of Jatropha. We announced in February 2010 the very encouraging result of our first formal feeding trials by an independent laboratory that detected no deleterious effects from feed ratios of up to 100% Jatropha meal compared to the control (soya meal). We have now applied for certification in the US for the meal as a trial animal feed component, prior to undertaking formal trials with cattle in that country later this year. Our plan remains to achieve commercial deployment of this technology in 2012.

Business Development

The task of our Business Development team is to monetise our IP and make strategic crude Jatropha oil sales.

In 2009, we also demonstrated that revenues need not only come from the sale of oil and co-products. In India, our joint venture company D1-Williamson Magor (D1-WM) has been targeting a number of government-sponsored contracts to plant Jatropha. Under these contracts, D1-WM will have access to the grain harvests in due course, and will also be paid a profitable upfront sum to implement the planting, thus demonstrating one way in which a Jatropha business can be cash generative from the year of planting. We announced the first of these contract awards in February, and are now in a position to announce our second appointment as government-sponsored facilitator, in Orissa, worth an estimated $0.6m in revenue potential in 2010.

In addition, we are successfully creating revenues from the interest of Jatropha project developers in accessing our expertise in the crop. Examples include:

- Haiti, where our involvement has been ongoing both before and since the recent earthquake in the country, and where we are supporting a USAID sponsored programme in identifying a role for Jatropha in the development of the rural economy;
- Kenya, where we are advising on a major project implementation for a developer with whom we have a multi-year agreement for subscription access to the results of our R&D programme;
- Southern Africa, where another new client, a major European oil company with whom we announced in February 2010 another relationship of this kind, has significant Jatropha plans; and
- India, where we are selling our first generation of superior seeds to a major domestic oil company with significant Jatropha project development plans.

Discussions of this kind are in progress with several other parties, and we expect to make further announcements in due course. In our view, this interest demonstrates that there is a significant level of renewed growth in the industry, and that for new entrants, who are by definition short on Jatropha-related project expertise, D1 is the pre-eminent organisation to come to for that expertise.

A final revenue opportunity is grant income. We have been successful in attracting £0.4m since January 2009 from the British, Belgian and Dutch authorities in grants and payroll tax rebates, mostly in support of R&D or export development activities.

Accounts for year ended 31 December 2009

The financial results for the year ended 31 December 2009 are substantially impacted by the change in Group structure when D1 acquired BP's shares in D1-BP Fuel Crops Limited (together with its subsidiaries and associates: "D1-BP"), on 27 July 2009, (the "Acquisition"), and the accounting treatment for that transaction. Prior to the Acquisition the income statement largely comprised: the trading losses in D1-BP, which we equity accounted for, revenues reflecting D1-BP's payments to D1 Oils Plant Science ("DOPSL"), to help pay for a substantial portion of DOPSL's activities, and the costs of those DOPSL activities plus the costs of the UK head office. Since the Acquisition, there has been no revenue recognised from D1-BP to DOPSL, and all the relevant items for both the plantation and R&D activities are recognised on each line of the income statement.

The terms of the Acquisition were as follows. In return for taking on all the obligations of D1-BP, D1 acquired all of BP's 50% interest in D1-BP for a consideration equal to £0.5m cash at completion, plus a deferred consideration with a nominal value of £0.6m, the phasing of which is determined by future Jatropha oil sales: D1 pays BP £30/tonne of oil for the first 20,000 tonnes sold. In addition, the options entitlement granted to BP at the time of the original formation of D1-BP, amounting to 16% of the post-exercise shares in issue in four equal tranches, were brought up to date, repriced to 13p, 14p, 16p and 18.5p and the exercise period extended to ten years. The fair value of these share options was assessed at £1.0m.

The gain on Acquisition of £2.8m arises in two parts reflecting the step acquisition of D1-BP. D1's original 50% investment in D1-BP was impaired to nil in 2008 reflecting the funding uncertainties at the time. Immediately prior to the Acquisition in July 2009, the fair value of the D1-BP net assets that related to the original 50% investment was £2.4m. The excess of net assets of £2.4m over investment carrying value of nil resulted in a gain of £2.4m recognised in the income statement. Similarly, the excess of the fair value of the net assets of £2.4m in relation to the 50% stake acquired from BP over the consideration of £2.0m resulted in a gain of £0.4m.

Total Group revenue was £1.8m (2008: £7.1m) for the year ended 31 December 2009, the decline being due to the absence in 2009 of refining and trading operations, and the absence since the Acquisition of any revenue recognised from D1-BP to DOPSL.

The loss on ordinary activities before taxation was £3.9m (2008: £33.6m) and the loss per ordinary share was 3.1p (2008: 30.8p). This is a substantial improvement on last year, reflecting the absence of any major write-downs in 2009, the gain on Acquisition discussed above, and the significant reductions in levels of expenditure during the year.

Interest received of £0.2m (2008: £0.9m) relates to cash deposits held during the year.

Group revenue from continuing operations was £1.8m (2008: £4.2m) and arose primarily from services provided to D1-BP by DOPSL before the Acquisition, plus some revenues achieved by the new Business Development team in the latter part of the year. Cost of sales and administrative expenses of £9.5m (2008:

£11.8m) reflect the ongoing development of the business; since the Acquisition this includes the relevant cost of the plantation operations as well as research and development. The loss on continuing operations before tax was £4.4m (2008: £21.8m) and the loss per ordinary share was 3.4p (2008: 20.0p).

Group revenue from discontinued operations was £0.0m (2008: £2.9m). This relates to our refining and trading interests, for which there were some sales of inventory in 2008 but this activity was discontinued before the start of 2009. Administrative expenses in 2009 of £0.0m net (2008: £9.2m) relate to the rent and similar residual housekeeping costs of the two sites held for resale and include a recovery of costs from a settlement with a US company. The profit on discontinued operations before tax was £0.3m (2008: £11.8m loss) reflecting an accounting gain on the settlement of the leases on several refining units.

The two sites held for resale were located at Middlesbrough and Bromborough. Completion of the sale of the Middlesbrough site was announced in July 2009, for a consideration of £0.95m compared to a book value of £1.00m. The sale of the Bromborough site remains outstanding as discussed earlier in this report, and the site (including prepaid insurance) remains as an asset held for resale valued at £2.1m.

In November 2009, D1 announced an estimated financial settlement worth approximately £1.0m with a US company, against whom we had been awarded in arbitration £4.2m in damages and costs. This settlement reflected the financial distress of the company concerned. To date, £0.7m has been received and was recognised in 2009. A further £0.7m is due in relation to a receivable due from a third party. This receivable is being contested by the third party and is treated and disclosed as a contingent asset at 31 December 2009 due the uncertainties surrounding the amount and timing of cash flows from the receivable.

The notes to the 2008 accounts included disclosure of a contingent liability in relation to a £1.3m claim against D1 by another company. This item no longer exists as the parties have satisfactorily resolved the matter.

Outlook

Since the start of 2009, we have seen positive developments on a range of external fronts, each helpful to our plan. In the US and Europe, policy support for biofuels remains strong. The Obama administration announced its ongoing commitment through volume targets for renewable transportation fuel of 36 billion tonnes by 2022. The European Commission's biofuel policy review has so far been very supportive of the role vegetable oils can play. In some quarters there is concern about the potentially distorting influence of western biofuels policies on global food supply and local rural development. We regard this concern as entirely appropriate and justifiable. The key point is that Jatropha's strong credentials as a non-food crop cultivable on a wide land base mean that it is excellently positioned to address these issues. In central India for example, our surveys indicate that over 90% of the land selected by farmers to grow Jatropha for us was not previously being used to grow food. And with our animal feed programme progressing well, there is in fact the potential for Jatropha growing to add to food supply.

Of course, biofuel demand is not just restricted to developed economies. The countries where we operate also have their own reasons to promote biofuels. In India, for example, which imports over half its mineral oil consumption, the government has recently published its biofuel strategy which very closely aligns with our activities there. It calls for the promotion of inedible oils grown in a way that improves the economic prospects for small farmers, with a target of 20% biofuel in transport fuels by 2017, supported with economic incentives.

All this, of course, represents a marked improvement in the investment climate for Jatropha, and it is perhaps no surprise that we are seeing new interest in Jatropha from some major enterprises (for example Bayer, Syngenta, General Motors, Mitsubishi, Indian Oil, Boeing and Continental), as well as from a multitude of less well-known new entrants to the industry.

This is all very helpful to D1: we have pre-eminent operational scale and technical position in a clearly growing industry. It increases the market for what we have to offer, and, alongside the progress we report here, reinforces our view that our plan has the prospect of delivering value to shareholders.

Ben Good
Chief Executive Officer and Finance Director
28 June 2010

Directors and advisors

Barclay Forrest OBE, FRAgS
Chairman, 68
Barclay Forrest farmed in Berwickshire, Scotland, and developed one of the UK´s largest drying, storing and haulage businesses for barley, wheat and rapeseed. He is a former Vice President of the Scottish NFU and past Chairman of British Cereal Exports where he was responsible for promoting to Europe, North Africa and China. He was Vice President of The China Britain Business Council, responsible for Food and Agriculture, and Chairman of the Oxford Farming Conference 2003. He is a Non-Executive Director and former Chairman of Helius Energy plc.

Nicholas Ward

Non-Executive Director, 68
Nicholas Ward has wide-ranging business experience including board level positions in a number of listed (on AIM and elsewhere) and private equity held companies. He has a particular expertise in helping businesses to restructure and to optimise their performance and value. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Society of Turnaround Professionals. From 1998-2007, Nicholas was chairman of ADAS Holdings Ltd, the agricultural & environmental research & consultancy business that was formerly part of DEFRA.

Ben Good
Chief Executive Officer and Finance Director, 46
Prior to joining D1 in 2007, Ben Good held a variety of senior positions in financial and commercial management, corporate finance and business development. Having started his career in strategy consulting, he joined AWG Plc, the parent company of Anglian Water, where at different times he held the roles of Director of Finance and Planning, Commercial Director and Projects Director. Ben was also Head of Projects at British Nuclear Group. He was appointed as Finance and Commercial Director of D1 in May 2008 and Chief Executive Officer in December 2008.

Dr Henk Joos

Science and Technology Director, 51

Henk Joos joined D1 as Agronomy Director in September 2006. Henk has over twenty years experience in commercial research and development and project management in plant breeding and genetics. He became the Global Head of Breeding and Product Development at Aventis CropScience in 2000, and in 2002, following Bayer's acquisition of Aventis, he was appointed Head of Molecular & Biochemical Analytical Services for Bayer CropScience worldwide. He established the canola breeding programme which formed the basis for Bayer CropScience's global leadership in canola crop production.

Martin Jarvis

Operations Director, 47

Martin Jarvis was formerly Chief Operating Officer and the Chief Executive Officer of D1-BP Fuel Crops Limited. Martin's earlier career includes 23 years at Unilever in a range of international manufacturing and supply chain management roles, including Global Supply Chain VP, with responsibilities throughout Asia, Africa and Europe.

Directors and advisors continued

Company Secretary

Marie Edwards

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Registered number
5212852

Broker and nominated advisor
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One South Place
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Ernst & Young LLP
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Newcastle upon Tyne NE1 4JD

Solicitors
Pinsent Masons
CityPoint
One Ropemaker Street
London EC2Y 9AH

Registrars
Capita IRG plc
The Registry
34 Beckenham Road
Kent BR3 4TU

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2009.

Principal activity
The Company's principal activity is that of a holding company. D1 Oils plc is the parent company of a group of companies engaged in the development of *Jatropha curcas*, as an alternative, sustainable feedstock for biodiesel, and the development, sale and licensing of technology and services for the selection, breeding, planting and harvesting of Jatropha and the production of crude Jatropha oil (CJO) and its co-products.

Review of business
2009 was a period of significant change and development for the Group. We restructured the business, following our acquisition of BP's stake in D1-BP Fuel Crops, into three wholly owned Business Groups: Operations, which manages our planting interests to produce oil and byproducts; Science and Technology, which manages our R&D programme in breeding, agronomy research and animal feed; and Business Development, which generates revenues from third parties interested in accessing our expertise and intellectual property. Further details are included in the Chairman's Statement and the Report of the Chief Executive Officer and Finance Director.

Principal risks and uncertainties
The principal risks and uncertainties facing the Group are assessed as funding risk, commercial risk, biological and planting risk, technology risk, competitive risk, contractual risk, political and legislative risk, and financial instrument risk.

Funding risk
The Group will continue to have a cash requirement until it becomes cash generating. The Group has restructured 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 to raise new funds when the need arises. However, there is a risk that future funding will not materialise, in which case the activities of the Group may no longer be sustainable.

Commercial risk
Business volumes are anticipated to increase as a result of increasing yields. New technical, operational and commercial challenges may arise as a result of this increase in scale. There is a substantial challenge to put in place or access further the infrastructure needed to collect, process, ship and distribute the products in viable quantities.

Biological risk
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.

Technology risk
D1 has chosen *Jatropha curcas* as its crop as a source of vegetable oil for sale to biodiesel producers and other biofuels markets. 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 R&D programme and through the work of our Operations group. D1 has developed a process that expels crude vegetable oil from Jatropha seeds and purifies the meal left after oil extraction to produce high protein animal feed. Although the Company has proved the technical feasibility of the process, there is no guarantee that it will be successful when undertaken on a larger commercial scale nor that its product will pass the necessary animal feed trials. D1 has applied for a patent for the process but that patent may be subject to challenge from similar, competing processes.

Competitive risk
Science and Technology – *Jatropha curcas* is becoming more widely recognised globally as a potential feedstock for biodiesel production and other biodiesel applications. As demand 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 combination of plant science and planting expertise, we believe that we are well-positioned to maintain our lead in the related technology and services for Jatropha and to leverage our interests in global planting.

Planting – The global development of the biofuels industry is leading to an increase in Jatropha planting operations worldwide. Our Operations group, building on the work of D1-BP Fuel Crops, and of D1 prior to the formation of that joint venture, has significantly progressed its operations to become an established market leader in facilitating the planting of Jatropha and to develop its expelling and transport logistics to bring Jatropha vegetable oil to market.

Jatropha planting in which D1 has an interest comprises the following:

- managed plantations are those farms where land is farmed and labour is controlled by D1, either through its subsidiaries or through collaborations or joint ventures with local partners; and

- contract farming where the farmer plants his own trees on his own land. D1 and its partners may assist with the provision of seedlings and the arrangement of bank finance for planting, and offer a buyback of harvested grains with an offtake agreement, subject to a floor price and the achievement of agreed quality standards, and provide support and advice during cultivation, and monitor the condition of the crops.

The rights to some planting are shared with third parties, such as joint venture partners, with whom D1 has worked to achieve rights to planting of Jatropha. As such, offtake from these areas of planting may well be shared with third parties.

In addition to the biological risks noted above, planting operations, and in particular contract farming over which D1 has less control, are subject to a range of commercial and contractual risks. D1 or its subsidiaries or joint venture have relationships with over 115,000 farmers. Planting undertaken by third parties can be difficult to measure and monitor in terms of performance. Furthermore, 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.

Contractual risk
There are inherent uncertainties and risks associated with entering into contracts with suppliers, customers, financial institutions, landowners and employees. It is possible that such contracts may become unenforceable and 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 and other policies to encourage the use of greener road transport fuel. In addition, many countries have incentives for renewable electricity generation, including generation using vegetable oil as a feedstock. However, these policies continue to be opposed by environmental pressure groups concerned about the sustainability of biofuels. Although Jatropha offers the potential to be one of the most promising sustainable feedstocks for biofuels, the policies that encourage the adoption of vegetable oil-based biofuels in national markets may be subject to policy change.

Financial 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.

Research and development
The Group has an active research and development programme focused on the breeding, agronomy research and animal feed. Further details are included in the Report of the Chief Executive Officer and Finance Director.

Safety, health and environment (SHE)
The Board considers managing the safety and health of our people and protecting the environment as a corporate governance priority.

Ben Good, Chief Executive Officer and Finance Director, is ultimately responsible for SHE performance in D1. Martin Jarvis, Executive Director, has functional responsibility for SHE and advises the Board on policy implementation. Fundamental to our management of SHE is the recognition that it is a line management responsibility and should not be delegated to a function. It is a responsibility of all managers and employees and this is regularly communicated and reinforced. We aim to continually test and improve SHE performance across our business.

During 2009 we continued our programme to raise awareness of behavioural safety throughout the Group. We have continued to strengthen our commitment to our vision for SHE, which is supported by a set of global SHE standards and a formal management system. We completed the first improvement cycle of the SHE management system, auditing all operations in the UK and all overseas operations where implementation was sufficiently advanced to merit review. Results were encouraging, particularly overseas, with a good level of compliance and a number of significant improvements to both local systems and the overall management system.

Following the integration of the former D1-BP and DOPSL entities into a single organisation, we have implemented a common SHE management system. The key features of this include: a formal regime for reporting all incidents, including "near hits"; local investigation and measurement of performance to standards used in the UK; and assessment of key risks for each locality, in particular travel issues, field work and wildlife.

A total of three major incidents leading to lost time were recorded in overseas operations during 2009, including two injuries resulting from traffic accidents and one snake bite.

In 2010 we intend to improve further our SHE management worldwide, strengthening local SHE management, improving formal guidance on key business activities and safe systems of work and adapting our global policy and guidelines accordingly.

Corporate and social responsibility
D1 Oils plc is committed to acting ethically and to contributing to the economic development of the regions where we operate. We believe strongly in the need to improve the quality of life of farmers and farming communities in the developing world.

Jatropha curcas is an energy crop that has the potential to produce commercial volumes of biodiesel sustainably. Jatropha's environmental "elasticity" enables it to grow a wide range of poorer soils, including marginal land. Growing Jatropha need not threaten the supply of arable land for food production and can enable previously unused land to be brought back into production. Food crops can be intercropped with Jatropha trees in their first three to four years of growth, enabling co-production of food and food fuel. D1 is committed to the sustainable planting of Jatropha and is working to establish sustainability standards for planting. In addition to evaluating the success and risk factors for commercial Jatropha planting in different regions, D1's field manuals and standard operating procedures are designed to enable operations to achieve to the highest standards of social, environmental and economic sustainability.

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
The current Directors are listed on page 11 of this report. Martin Jarvis joined the Board as Executive Director on 2 November 2009. Moira Black and Brian Myerson left the Board on 2 February 2010 and 12 March 2010, respectively. Barclay Forrest replaced Brian Myerson as Chairman from 12 March 2010. Nicholas Ward joined the board as Non-Executive Director from 7 April 2010.

Dividends and transfers to reserves
No dividend has been paid or proposed for the period.

Corporate governance
As an AIM-listed company, there is no requirement to comply with the revised Combined Code, issued by the Financial Reporting Council in June 2006 (the "Combined Code"). However, the Directors recognise the value of the provisions set out in the Combined Code and have decided to provide limited corporate governance disclosures based on certain of the disclosures required of a fully listed company.

The Board has established an Audit Committee, a Remuneration Committee and a Nominations Committee, each with formally delegated duties and responsibilities. The Audit Committee comprises Barclay Forrest (Chairman) and Nicholas Ward. Moira Black held the position of Chairman of this committee until February 2010, when she was replaced by Barclay Forrest. The Remuneration Committee comprises Barclay Forrest (Chairman) and Nicholas Ward. Moira Black and Brian Myerson stepped down from the committee when they left the Board. The Nominations Committee comprises Barclay Forrest (Chairman) and Nicholas Ward. Barclay Forrest replaced Brian Myerson as Chairman of the committee when the latter stepped down from the Board. Moira Black stepped down from the committee when she left the Board.

The Audit Committee receives and reviews reports from management and the Company's auditors relating to the interim and annual financial statements and the accounting and internal control systems in use throughout the Group. The Audit Committee has unrestricted access to the Group's auditors.

The Remuneration Committee reviews the scale and structure of the Executive Directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the Non-Executive Directors are set by the Board. The Remuneration Committee also administers the Group's share option scheme.

The Nominations Committee meets as required to consider and make recommendations on the appointment of Directors to the Board.

Substantial interests
The following shareholdings of 3% or more of the ordinary share capital of the Company are set out in the register of members of the Company as at 9 June 2010:

	Number of shares	%
Principle Capital	34,889,089	27.54
BlackRock Investment Management (UK)	16,515,699	13.04
Gartmore Investment Management	14,758,222	11.65
Lansdowne Partners LP	12,250,474	9.67
Jupiter Asset Management	4,650,430	3.67
Majedie Asset Management	4,039,647	3.19
	87,103,559	68.76

Policy on financial instruments

The Group's financial instruments comprise cash, and short-term debtors and creditors arising from its operations. The Group has not established a formal policy on the use of financial instruments but assesses the risks faced by the Group as economic conditions and the Group's operations develop. In 2009, the Group did not engage in hedging to limit its exposure to fluctuating foreign currency rates or commodity prices. The Board did not consider that the scope of 2009 plantation and science and technology activities posed sufficient risk to foreign currency or commodity price exposure to require hedging. The Group will reassess the need for hedging in 2010.

Supplier payment policy
It is Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay in accordance with those terms based upon the timely receipt of an accurate invoice. The holding company does not trade. The trade creditors' days of the Group for the year ended 31 December 2009 were 44 days calculated in accordance with the requirements set down in the Companies Act 2006.

Political and charitable donations
During the year the Group has made no political or charitable donations.

Directors' declaration
In accordance with the Companies Audit, Investigations and Enterprise Act 2004, as far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Serious loss of capital requirement
Under the Companies Act 2006, where the Group's net assets are half or less of its called-up share capital, the Directors are required to convene a general meeting to consider whether any, and if so what, steps should be taken to deal with the situation. Accordingly, this matter is going to be considered at a general meeting to be held on 29 June 2010.

Auditors
Ernst & Young LLP were appointed as auditors to the Group in 2006 and have expressed their willingness to continue in office. A resolution to re-appoint Ernst & Young LLP as the Group's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

Ben Good
Chief Executive Officer and Finance Director
28 June 2010

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual review and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRSs) as adopted by the European Union.
The Directors are required to prepare Group and Company financial statements for each financial year which present fairly the financial position of the Group and Company and the financial performance and cash flows of the Group and the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 "Accounting Policies, Change in Accounting Estimates and Errors" and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance of the Group and the Company;
- state that the Group and the Company have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and International Accounting Standards. 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 irregularities.

Directors' declaration
As far as each Director is aware, at the date when this report was approved, there is no relevant audit information of which the Group's auditors are unaware and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Pages 13 to 16, inclusive, of this Annual Report comprise a Directors' Report that has been drawn up and presented in accordance with English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

In particular, Directors would be liable to the Company (but not to any third party) if the Directors' Report contains errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

Cautionary statement regarding forward-looking statements
This Annual Report has been prepared for the members of the Company and no one else. The Company, its Directors, employees or agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed.

This Annual Report contains certain forward-looking statements with respect to the principal risks and uncertainties facing D1 Oils plc. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward-looking statements reflect the knowledge and information available at the date of preparation of this Annual Report, and will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

Independent auditors' report
to the members of D1 Oils plc

We have audited the financial statements of D1 Oils Plc for the year ended 31 December 2009 which comprise the Group Income Statement, the Group and Parent Statement of Other Comprehensive Income, the Group and Parent Statement of Changes in Equity, the Group and Parent Balance Sheet, the Group and Parent Cash flow Statement and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion: disclaimer on view given by financial statements
In forming our opinion on the financial statements, we have considered the adequacy of the disclosures made in the financial statements concerning the following matters:

- The requisition by a significant shareholder, Principle Capital, of a general meeting of the Company to consider resolutions to change the composition of the Board. This meeting has been adjourned until 19 July 2010. At the present time there can be no certainty as to the outcome of a general meeting if it is held and the implications thereon for the business.

- The outcome of any negotiations between the directors and entities interested in acquiring the Company during the current offer period. The directors are unable to determine at this point in time whether an offer will be made and whether the terms of such an offer would be acceptable to the Board and enable the Company to continue to operate as a going concern.

- The conclusion of any efforts by the Company to raise new equity before its cash resources are utilised, currently estimated by the Directors to be in 2011. The directors acknowledge that sufficient progress needs to have been achieved by then to demonstrate a viable and profitable business for the Company from the development of Jatropha as a new energy crop.

Because of the potential significance, to the financial statements, of the combined effect of the matters referred to in the paragraph above, we are unable to form an opinion as to whether:

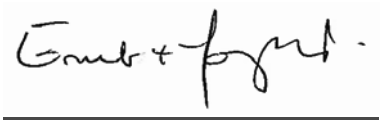
- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2009 and of the group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
Notwithstanding our disclaimer of an opinion on the view given by the financial statements, in our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report continued
to the members of D1 Oils plc

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Mark Hatton
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon-Tyne
28 June 2010

Notes:

1. The maintenance and integrity of the D1 Oils plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement
for the year ended 31 December 2009

	Note	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Group revenue	3, 4	**1,797.3**	4,168.9
Cost of sales		**(1,450.7)**	(3,023.5)
Gross profit		**346.6**	1,145.4
Administrative expenses	4	**(7,947.6)**	(8,730.2)
Trading loss		**(7,601.0)**	(7,584.8)
Share of post tax losses of joint ventures accounted for using the equity method	12	**(95.0)**	(8,675.0)
Impairment of investments	12	**—**	(6,660.5)
Net gain on transfer of operation from joint venture	29	**2,750.6**	—
Group operating loss from continuing operations		**(4,945.4)**	(22,920.3)
Finance income	4, 7	**667.5**	1,205.0
Finance costs	7	**(23.0)**	(57.0)
Loss from continuing operations before taxation		**(4,300.9)**	(21,772.3)
Tax expense	8	**123.8**	(20.9)
Loss for the period from continuing operations		**(4,177.1)**	(21,793.2)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	14	**(912.9)**	(11,773.5)
Total loss for the year		**(5,090.0)**	(33,566.7)
Loss for the period attributable to equity holders of the parent		**(5,090.0)**	(33,566.7)
Loss per ordinary share			
Basic and diluted earnings/(loss) per ordinary share (pence)	9	**(4.03)**	(30.84)
Basic and diluted earnings/(loss) per ordinary share from continuing operations (pence)	9	**(3.30)**	(20.02)

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006. The Company's loss for the year was £2,614,600 (2008: £23,898,500).

Consolidated statement of comprehensive income
for the year ended 31 December 2009

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Loss for the year	**(5,090.0)**	(33,566.7)
Exchange difference on retranslation of foreign operations	**62.3**	—
Transfer of foreign exchange reserves to income statement	**—**	(710.9)
Total comprehensive income for the year	**(5,027.7)**	(34,277.6)
Attributable to:		
Equity holders of the parent	**(5,027.7)**	(34,277.6)

Consolidated balance sheet
as at 31 December 2009

	Note	As at 31 December 2009 £000	As at 31 December 2008 £000
Assets			
Non-current assets			
Property, plant and equipment	10	**399.2**	502.3
Intangible assets	11	**2.5**	6.6
Investments accounted for using the equity method	12	**206.1**	—
		607.8	508.9
Current assets			
Inventories	15	**100.9**	20.3
Trade and other receivables	16	**1,233.1**	815.0
Other financial assets	17	**4,547.6**	5,072.4
Cash and short-term deposits	18	**4,425.5**	15,055.9
		10,307.1	20,963.6
Assets held for resale	13	**2,124.0**	3,141.8
Total assets		**13,038.9**	24,614.3
Equities and liabilities			
Current liabilities			
Trade and other payables	19	**(623.2)**	(1,096.4)
Interest-bearing loans and borrowings	20	**—**	(3,286.8)
Accruals and deferred income		**(552.2)**	(1,183.5)
Payments due to vendors		**(51.0)**	—
Provisions	22	**(1,796.5)**	(5,801.0)
		(3,022.9)	(11,367.7)
Non-current liabilities			
Payments due to vendors		**(432.9)**	—
		(432.9)	—
Total liabilities		**(3,455.8)**	(11,367.7)
Net assets		**9,583.1**	13,246.6
Capital and reserves			
Equity share capital	24	**1,266.8**	1,266.3
Share premium		**99,290.3**	99,290.3
Own shares held		**(484.0)**	(484.0)
Other reserves		**437.7**	437.7
Revenue reserves		**(91,919.6)**	(100,079.9)
Share option reserve		**1,025.0**	12,787.0
Currency translation reserve		**(33.1)**	29.2
Equity shareholders' funds		**9,583.1**	13,246.6

These financial statements were approved by the Board of Directors on 28 June 2010.

Ben Good

Chief Executive Officer and Finance Director

Consolidated statement of changes in equity
for the year ended at 31 December 2009

	Share capital £000	Share premium £000	Own shares held £000	Merger reserve £000	Profit and loss reserve £000	Share option reserve £000	Currency translation reserve £000	Total £000
Group								
At 1 January 2008	622.4	85,051.4	(484.0)	437.7	(66,451.2)	12,787.0	(681.7)	31,281.6
Total recognised income and expense	—	—	—	—	(34,277.6)	—	710.9	(33,566.7)
Issue of shares – net of expenses	643.9	14,238.9	—	—	—	—	—	14,882.8
Share-based payments	—	—	—	—	649.0	—	—	649.0
At 31 December 2008	1,266.3	99,290.3	(484.0)	437.7	(100,079.8)	12,787.0	29.2	13,246.7
Total recognised income and expense	—	—	—	—	(5,027.8)	—	(62.3)	(5,090.1)
Transfer on cancellation of BP options	—	—	—	—	12,787.0	(12,787.0)	—	—
Issue of shares – net of expenses	0.5	—	—	—	—	—	—	0.5
Amendment of equity instruments – options granted to BP	—	—	—	—	—	1,025.0	—	1,025.0
Share-based payments	—	—	—	—	401.0	—	—	401.0
At 31 December 2009	**1,266.8**	**99,290.3**	**(484.0)**	**437.7**	**(91,919.6)**	**1,025.0**	**(33.1)**	**9,583.1**

Consolidated cash flow statement
for the year ended 31 December 2009

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Operating activities		
Loss for the year	**(5,090.0)**	(33,566.7)
Adjustments to reconcile loss for the year before tax to net cash flow from operating activities:		
Depreciation of property, plant and equipment, and amortisation of intangible assets	**217.4**	135.0
Impairment of fixed assets	**64.8**	5,562.2
Impairment of investments	**—**	6,660.5
Share-based payments	**401.0**	649.0
Net gain on transfer of operation from joint venture	**(2,750.6)**	—
Loss/(profit) on disposal of fixed assets	**52.9**	—
Share of post tax losses of joint ventures accounted for using the equity method	**95.0**	8,675.0
Finance income	**(1,072.5)**	(1,205.0)
Finance expense	**104.3**	244.4
Income tax expense	**(171.6)**	(226.5)
Tax paid	**189.5**	(24.0)
Decrease/(increase) in inventories	**(20.9)**	2,029.9
Decrease/(increase) in trade and other receivables	**218.8**	3,554.1
Decrease/(increase) in other financial assets	**—**	1,749.2
Increase/(decrease) in trade and other payables	**(2,979.3)**	(1,766.4)
Increase/(decrease) in other financial liabilities	**—**	(1,135.3)
Increase/(decrease) in provisions	**(4,004.5)**	2,801.0
Net cash flow from operating activities	**(14,745.8)**	(5,863.6)
Investing activities		
Interest received	**310.4**	1,075.2
Payments to acquire property, plant and equipment, and intangible assets	**(61.0)**	(2,033.3)
Funds transferred to deposits	**861.0**	4,096.0
Purchase of joint venture investments	**-**	—
Net cash acquired from acquisitions	**4,993.1**	—
Proceeds from disposal of assets held for sale	**953.0**	—
Net cash flow from investing activities	**7,056.5**	3,137.9

Consolidated cash flow statement
for the year ended 31 December 2009

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Financing activities		
Interest paid	**(81.3)**	(244.4)
Proceeds of share issue (net of expenses)	**—**	14,882.8
Exercise of share options	**0.5**	—
Settlement of leases and mortgages	**(2,661.7)**	—
Repayment of mortgage	**(30.0)**	(60.0)
Repayment of capital element of finance leases	**(190.1)**	(453.3)
Net cash flow from financing activities	**(2,962.6)**	14,125.1
Net (decrease)/increase in cash and cash equivalents	**(10,651.9)**	11,399.4
Cash and cash equivalents at the start of the year	**15,055.9**	3,596.6
Effects of exchange rates on cash at the start of the year	**21.5**	59.9
Cash and cash equivalents at the end of the year	**4,425.5**	15,055.9

Company statement of comprehensive income
for the year ended 31 December 2009

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Loss for this year	**(2,614.6)**	(23,898.5)
Total comprehensive income for the year	**(2,614.6)**	(23,898.5)
Attributable to:		
Equity holders of the parent	**(2,614.6)**	(23,898.5)

Company balance sheet
as at 31 December 2009

	Note	As at 31 December 2009 £000	As at 31 December 2008 £000
Assets			
Non-current assets			
Property, plant and equipment	10	**12.2**	20.2
Other receivables	16	**8,017.9**	—
Other investments	12	**125.1**	125.1
		8,155.2	145.3
Current assets			
Trade and other receivables	16	**161.5**	601.3
Other financial assets	17	**4,547.6**	3,082.5
Cash and short-term deposits	18	**2,600.8**	12,730.7
		7,309.9	16,414.5
Total assets		**15,465.1**	16,559.8
Equity and liabilities			
Current liabilities			
Trade and other payables	19	**(222.6)**	(361.0)
Accruals and deferred income		**(245.3)**	(417.8)
Provisions	22	**(404.0)**	—
Total liabilities		**(871.9)**	(778.8)
Net assets		**14,593.2**	15,781.0
Capital and reserves			
Equity share capital	24	**1,266.8**	1,266.3
Share premium		**99,290.3**	99,290.3
Own shares held		**(484.0)**	(484.0)
Revenue reserves		**(86,504.9)**	(97,078.6)
Share option reserve		**1,025.0**	12,787.0
Equity shareholders' funds		**14,593.2**	15,781.0

These financial statements were approved by the Board of Directors on 28 June 2010.

Ben Good

Chief Executive Officer and Finance Director

Company statement of changes in equity
for the year ended 31 December 2009

	Share capital £000	Share premium £000	Own shares held £000	Profit and loss reserve £000	Share option reserve £000	Total £000
Company						
At 1 January 2008	622.4	85,051.4	(484.0)	(73,829.1)	12,787.0	24,147.7
Total recognised income & expense	—	—	—	(23,898.5)	—	(23,898.5)
Issue of shares by the Company – net of expenses	643.9	14,238.9	—	—	—	14,882.8
Share-based payments	—	—	—	649.0	—	649.0
At 31 December 2008	1,266.3	99,290.3	(484.0)	(97,078.6)	12,787.0	15,781.0
Total recognised income & expense	—	—	—	(2,6 14.3)	_	(2,614.3)
Transfer on cancellation of BP options	—	—	—	12,787.0	(12,787.0)	_
Issue of shares by the Company – net of expenses	0.5	—	—	_	_	0.5
Issue of equity instruments – options granted to BP	—	—	—	—	1,025.0	1,025.0
Share-based payments	—	—	—	401.0	—	401.0
At 31 December 2009	**1,266.8**	**99,290.3**	**(484.0)**	**(86,504.9)**	**1,025.0**	**14,593.2**

Company cash flow statement
for the year ended 31 December 2009

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Operating activities		
Loss for the year	**(2,614.6)**	(23,898.5)
Adjustments to reconcile loss for the year before tax to net cash flow from operating activities:		
Depreciation of property, plant and equipment	**8.0**	3.6
Share-based payments	**401.0**	649.0
Net gain on transfer of operation from joint venture	**1,025.0**	—
Impairment of investments	**—**	12,786.9
Finance income	**163.0**	770.1
Increase in trade and other receivables	**439.8**	(143.6)
(Decrease)/increase in trade and other payments	**(310.6)**	(173.3)
(Increase)/decrease in provisions	**404.0**	—
Net cash flow from operating activities	**(484.4)**	(10,005.8)
Investing activities		
Interest received	**232.0**	755.7
Payments to acquire property, plant and equipment	**—**	(23.8)
Funds transferred to deposits	**(1,860.1)**	4,096.0
Loans to Group companies	**(8,017.9)**	—
Net cash flow from investing activities	**(9,646.0)**	4,827.9
Financing activities		
Proceeds of share issue	**—**	14,882.8
Exercise of share options	**0.5**	—
Net cash flow from financing activities	**0.5**	14,882.8
Net (decrease)/increase in cash and cash equivalents	**(10,129.9)**	9,704.9
Cash and cash equivalents at the start of the year	**12,730.7**	3,025.8
Cash and cash equivalents at the end of the year	**2,600.8**	12,730.7

Notes to the financial statements
for the year ended 31 December 2009

1. Authorisation of financial statements and compliance with IFRS

Fundamental accounting concept

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

Funding uncertainty
The Directors have prepared cash flow forecasts which show the Group will need to raise new funds in 2011. The key assumptions underlying these forecasts include maintaining the existing operations at the current rate of cash outflow, local borrowings to fund some working capital requirements in India, and generating cash inflow from the sale of Jatropha oil, by-products and technical services. These forecasts do not assume Bromborough is sold in the next twelve months, but if it is, then the potential effect would be an opportunity to extend the funding deadline. The cashflow forecasts approved by the Board of Directors take into account various other sensitivities and risks, including underperformance against expectations in individual areas. The Directors have also considered mitigation steps available to absorb some underperformance. As might be expected, the timing of future fundraising may need to be accelerated if certain anticipated cash inflows from asset sales or revenue generation are delayed or costs are higher than forecast.

In order to raise new equity, the business needs to ensure that it has made sufficient progress in demonstrating Jatropha as a new energy crop with sufficient oil flow, and thereafter it is able to achieve profitability and be cash generative over the longer term.

Transaction uncertainty
The Company is in an offer period. There can be no certainty that an offer will be made by a buyer and on terms that are acceptable and, furthermore, the implication of any potential transaction on the business itself cannot be assessed at this stage.

Management uncertainty
Principle Capital has requisitioned a general meeting to consider resolutions to change the composition of the Board. This meeting was due to be held on 14 June 2010 but has been adjourned to 19 July 2010. The outcome of any adjourned general meeting and the implications for the strategy of the business cannot be assessed with any certainty at this stage.

Directors' view
After making enquiries and considering these uncertainties, the Directors conclude that the issue of whether the Company can maintain positive cash resources until funds to continue implementation of the Group's business plan are secured and address the transaction and management challenges are material uncertainties which may cast significant doubt about the Group and Company's ability to continue as a going concern in its current form. The Directors believe that these uncertainties can be managed and mitigated and the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Consequently the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Should management significantly underachieve the targets set out above and cash resources be depleted before an additional injection of funds, or the strategy be changed in a way which restricts the Group's ability to implement the business plan, then the going concern basis would be invalid and 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.

Authorisation of financial statements

The financial statements of D1 Oils plc and its subsidiaries for the year ended 31 December 2009 were authorised by the Board of Directors on 28 June 2010 and the balance sheet was signed on the Board's behalf by Ben Good, Chief Executive Officer and Finance Director. D1 Oils plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM.

2. Summary of significant accounting policies

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2009 and applied in accordance with the Companies Act 2006.

2. Summary of significant accounting policies continued

Basis of preparation continued

The Group financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The revision of IAS 1 *Presentation of Financial Statements* (revised 2007) has introduced a number of changes in the format and content of the financial statements. The revised statement has required the reconciliation of movements in equity, previously disclosed in the notes, to be presented as a primary statement entitled 'statement of changes in equity'. In addition, the statement of recognised income and expense has been replaced by the 'statement of comprehensive income'. The revised standard requires this statement to include all items of recognised income and expense either in one single statement or in two linked statements. The Group has elected to present two statements.

Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life tangible and intangible assets are tested for impairment annually and at other times when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Where realisable value is used as the basis of valuation, management must estimate the net income realisable from the sale of the asset and apply an appropriate discount rate to the cash flows arising.

Share-based payments

The estimation of the share-based payment cost requires the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, inputs which arise from judgments relating to the probability of meeting non-market performing performance conditions and the continuing participation of employees. Where the non-vesting conditions are included in the valuation model, the Group recognises the goods or services received from a counterparty who satisfies all other vesting conditions irrespective of whether that market condition is satisfied.

Vacant property provision

The estimation of the onerous contract provision in respect of vacant property is based on judgements relating to the future sale date and associated obligations of the vacant site at Bromborough.

Basis of consolidation

The Group financial statements consolidate the financial statements of D1 Oils plc and the entities it controls drawn up to 31 December each year.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating polices of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights, currently exercisable or convertible voting rights, or by way of contractual agreement.

The financial statements of subsidiaries are prepared for the same reporting year as the parent Company and are based on consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and is presented within equity in the consolidated balance sheet, separately from the parent Company's shareholders' equity. When a subsidiary is not wholly owned by the Group and it incurs losses, amounts allocated to the minority are limited to the value in the balance

2. Summary of significant accounting policies continued

Basis of consolidation continued

sheet of the minority interest in the subsidiary's equity. Losses in excess of this limit have been allocated against the majority interest, except where the non-controlling interest is under an obligation to make good any loss.

A joint venture is defined in IAS 31 as a 'contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control'.

Where the joint venture is established through an interest in a company, partnership or other entity (a jointly controlled entity), the Group recognises its interest in the entity's assets and liabilities using the equity method of accounting. Under the equity method, the interest in the joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of its net assets, less distributions received and less any impairment in value of individual investments. The Group income statement reflects the share of the jointly controlled entity's results after tax. The Group statement of recognised income and expense reflects the Group's share of any income and expense recognised by the jointly controlled entity outside profit and loss.

Any goodwill arising on the acquisition of a jointly controlled entity, representing the excess of the cost of the investment compared to the Group's share of the net fair value of the entity's identifiable assets, liabilities and contingent liabilities, is included in the carrying amount of the jointly controlled entity and is not amortised. To the extent that the net fair value of the entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the entity's profit or loss in the period in which the investment is acquired.

Financial statements of jointly controlled entities are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group to take into account fair values assigned at the date of acquisition and to reflect impairment losses where appropriate. Adjustments are also made in the Group's financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its jointly controlled entities.

The Group ceases to use the equity method on the date from which it no longer has joint control over, or significant influence in, the joint venture.

Where the financial statements of a jointly controlled entity used in the preparation of the financial statements are prepared as of a reporting date that is different from that of the Group, interim accounts are drawn up as at the Group reporting date and adjustments are made for the effects of significant transactions or events falling within the Group reporting period.

Financial assets

Financial assets are recognised when the Group becomes party to the contracts that give rise to them and are classified as loans and receivables or held-to-maturity investments, as appropriate. Financial assets also include cash and cash equivalents, trade and other receivables, other investments and derivative financial instruments. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The subsequent measurement of financial assets classified as fair value financial assets is as follows:

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. When there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same discounted cash flow analysis and pricing models. Where fair value cannot be reliably estimated, assets are carried at cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2. Summary of significant accounting policies continued

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced with the amount of the loss recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Intangible assets

Research and development expenditure

The Group undertakes a range of plant science related research and development activities.

Breeding and cultivar research involves testing how well individual *Jatropha curcas* cultivars perform in identified growing areas. In these trials, the key performance characteristics of grain and oil yield and disease and insect resistance are measured, typically over a period of two years. On the basis of these tests, a number of the best performing cultivars are identified as technically feasible and are selected for commercial release. Any costs incurred up to the point of selection of these cultivars are regarded as research and are charged to the income statement as they are incurred. Costs subsequently incurred in producing the mother plants for planting seed orchards are classed as development expenditure and are capitalised as intangible assets. However, the useful economic life of any particular cultivar cannot be accurately predicted and may be as little as one year before it is superseded by the next generation. Therefore development expenditure is written offas incurred.

The animal feed programme investigates alternative uses for and the removal of anti-nutritional substances from the seedcake (meal) co-product created when oil is extracted from the Jatropha kernel. Any costs incurred in the design and construction of prototype processes and equipment are capitalised as intangible assets and charged against income over the useful economic life of the process. Otherwise costs are expensed to the income statement as incurred.

Software

Software 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.

2. Summary of significant accounting policies continued

Leases

Assets held under finance leases, which transfer to the Group substantially all of the risks and benefits incidental of ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of minimum lease payments. Lease payments are apportioned between reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. Restricted deposits held as security are classified as financial assets rather than cash where the terms of the deposit mean that the balance cannot be readily converted to finance the day-to-day operations of the Group.

For the purpose of the consolidated cash flow statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

The Group endeavours to maintain sufficient cash at bank and in hand to fund operations in the short-term and invests surplus funds in term deposits to maximise interest revenue.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs attributable to assets under construction are recognised as an expense as incurred.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over the expected useful life as follows:

Buildings	over 20 years
Plant and machinery	over 3–10 years
Motor vehicles	over 3–10 years
Fixtures, fittings and equipment	over 3–5 years

The carrying value of property, plant and equipment is reviewed for impairment and are written down immediately to their recoverable amount if events or changes in circumstance indicate the carrying value may not be recoverable. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Where assets are held under finance leases and there is reasonable certainty that the Group will obtain ownership of the asset by the end of the lease term (based on best estimates as at the balance sheet date), the asset is depreciated over its expected useful economic life. Otherwise, assets held under finance lease are depreciated over the shorter of the lease term and its useful economic life.

2. Summary of significant accounting policies continued

Agricultural assets

The Group grows *Jatropha curcas*, which meets the classification of an agriculture asset and is able to be recognised in the balance sheet if the following criteria are met:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

The Group passes the first two tests, however, in regard to the fair value test; it is presumed that fair value can be measured reliably. This presumption is rebutted on the initial recognition of the agriculture assets because no market-determined prices or values are available nor can alternative estimates for fair value be considered reliable. Therefore, the agriculture assets of the Group are measured at its cost less any accumulated depreciation and any accumulated impairment losses.

Agriculture assets include the preparations of previously untreated ground and the planting of Jatropha seeds and seedlings and subsequent cultivation. Once mature the Jatropha trees bear seeds that contain crude Jatropha oil. This crude oil can be refined to produce biodiesel.

Employee benefits

Defined contribution plans

The Group's funding of the defined contribution plans is charged to the income statement in the same year as the related service is provided.

Leave benefits

Annual leave is provided for over the period that the leave accrues.

Foreign currency translation

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Pounds Sterling, which is the functional currency of the Company, and the presentation currency for the Group consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on discontinuation of activities in the foreign operation or partial disposal of the net investment.

2. Summary of significant accounting policies continued

Foreign currency translation

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

The Group has taken advantage of the exemption in IFRS 1 in respect of cumulative translation differences so as to record the cumulative translation differences for all foreign entities as nil as at 1 January 2006.

Business combinations and goodwill

Business combinations on or after 1 January 2006 are accounted for under IFRS 3 using the purchase method. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the balance sheet as goodwill and is not amortised. To the extent that the net fair value of the acquired entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised immediately in the income statement. Goodwill recognised as an asset as at 31 December 2005 is recorded at its carrying amount under UK GAAP and is not amortised. Any goodwill asset arising on the acquisition of equity accounted entities is included within the cost of those entities. The Group has elected to adopt the revised IFRS 3 issued in January 2008 for the 2009 financial statements. The only material impact of the adoption on the Group's 2009 acquisition is that the revised IFRS 3 requires the costs of acquisition to be recognised as an expense. Other changes include altering the treatment of non-controlling interests (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held non-controlling interests to be fair valued as at the date control is obtained, with gains and losses recognised in the income statement.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units expected to benefit from the combination's synergies and monitored by management. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement. On disposal of a cash-generating unit, the allocated goodwill is taken into account when determining the gain or loss on disposal to be recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods held for resale	– purchase cost on a first-in, first-out basis
Work in progress and finished goods	– cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

2. Summary of significant accounting policies continued

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made where there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Interest bearing loans and borrowings

Loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at fair value, being the proceeds received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method and taking into account any issue costs and any discount or premium on settlement.

Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither the accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise tax is recognised in the income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Interest income

Finance revenue is recognised as interest accrued using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to its net carrying amount.

2. Summary of significant accounting policies continued

Borrowing costs

Borrowing costs on eligible capital projects are capitalised. Other borrowing costs are recognised as an expense when incurred.

Share-based payments

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

Assets held for 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.

New standards and interpretations not applied

During the year the IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRS)

IFRS 1 Amendment to IFRS 1 – First-time Adoption of IFRSs – 1 July 2009

IFRS 1 Amendment to IFRS 1 – Additional Exemptions for First-time Adopters – 1 January 2010

IFRS 1 Amendment to IFRS 1 – Amendment for Limited Exemptions for Comparatives in IFRS 7 – 1 January 2010

IFRS 2 Amendment to IFRS 2 – Group Cash-settled Share-based Payments – 1 January 2010

IFRS 9 Financial Instruments: Classification and Measurement – 1 January 2013

IAS 24 Amendment to IAS 24 – Related Party Disclosures – 1 January 2011

IAS 32 Amendment to IAS 32 – Classification of Rights Issues – 1 February 2010

IAS 39 Amendment to IAS 39 – Eligible Hedged Items – 1 July 2009

Various Annual improvements to IFRS – April 2009

2. Summary of significant accounting policies continued
New standards and interpretations not applied continued

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 17 Distribution of Non-cash Assets to Owners – 1 July 2009
IFRIC 18 Transfers of Assets from Customers - in EU no later than 1 January 2010
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – 1 July 2010
IFRIC 14 Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement – 1 January 2011

The Directors do not anticipate that the adoption of these standards will have a material impact on the Group's financial statements in the period of initial application.

3. Segmental information

The Group has adopted IFRS 8 *Operating Segments* with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision makers to allocate resources to segments and assess their performance. In contrast, the predecessor Standard (IAS 14 Segments Reporting) required the Group to identify two sets of segmental information (primary and secondary - respectively products/services and geography for the Group), using a risks and returns approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of the segments. As a result of the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

For management purposes, the Group is organised into business units according to the nature of the products and services and has three operating segments as follows:

- The plant science segment provides Jatropha plant science and associated technical consulting services to third-parties, breeds seeds and seedlings for commercial planting and undertakes research and development activities on Jatropha and its co-products. Under the revised segmental structure that will be reported in 2010 (discussed below), substantially all of the plant science segment will constitute the science and technology segment;

- The plantations segment is responsible for the commercial planting of Jatropha. It was transferred to the D1-BP Fuel Crops Limited joint venture in 2007. This activity was brought back into the Group upon the Group's acquisition of BP's stake in the joint venture in July 2009. Under the revised segmental structure that will be reported in 2010 (discussed below), substantially all of the plantations segment will constitute the operations segment; and

- The refining and trading segment is an operation that was discontinued in 2008. In 2009, activity in this segment related to remaining refining and trading sites situated in the UK.

No operating segments have been aggregated to form the above reportable operating segments.

From 2010, for management purposes the Group will report based on segments that reflect the business structure adopted following the integration of D1-BP Fuel Crops Limited into the Group.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss which in certain respects, as explained in the table below, is measured differently from profit or loss in the consolidated financial statements. Group financing (including finance costs and finance revenue), taxation and central administration are managed on a group basis and are not allocated to operating segments.

The following tables present revenue and profit and certain asset and liability information regarding the Group's business segments for the years ended 31 December 2009 and 2008.

Segment revenue and results

Year ended 31 December 2009	Plant Science £000	Plantations £000	Continuing operations £000	Refining & Trading (discontinued) £000	Group £000
Revenue					
Sales to external customers	1,763.6	33.7	1,797.3	1.7	1,799.0
Segment revenue	**1,763.6**	**33.7**	**1,797.3**	**1.7**	**1,799.0**
Results					
Depreciation and amortisation	(146.1)	(37.5)	(183.6)	—	(183.6)
Share of profit/(loss) of joint ventures	—	(95.0)	(95.0)	—	(95.0)
Gain on finance lease settlement	—	—	—	405.0	405.0
Legal settlement gain	—	—	—	692.4	692.4

3. Segmental information continued

Segment revenue and results continued

Year ended 31 December 2009	Plant Science £000	Plantations £000	Continuing operations £000	Refining & Trading (discontinued) £000	Group £000
Interest expense	—	—	—	(81.3)	(81.3)
Impairment of assets held for sale	—	—	—	(64.8)	(64.8)
Other costs	(4,431.2)	(1,142.8)	(5,574.0)	(1,913.8)	(7,487.8)
Segment profit/ (loss)	**(2,813.7)**	**(1,241.6)**	**(4,055.3)**	**(960.8)**	**(5,016.1)**
Central administration costs					(3,640.7)
Net gain on transfer of operation from joint venture					2,750.6
Unallocated finance revenue					667.5
Unallocated finance costs					(23.0)
Taxation					171.7
Total loss for the year					**(5,090.0)**

Year ended 31 December 2008	Plant Science £000	Plantations £000	Continuing operations £000	Refining & Trading (discontinued) £000	Group £000
Revenue					
Sales to external customers	4,168.9	—	4,168.9	2,904.4	7,073.3
Segment revenue	**4,168.9**	**—**	**4,168.9**	**2,904.4**	**7,073.3**
Results					
Depreciation and amortisation	(116.0)	—	(116.0)	—	(116.0)
Share of profit/(loss) of joint ventures	—	(8,675.0)	(8,675.0)	—	(8,675.0)
Impairment of equity accounted joint ventures	—	(6,660.5)	(6,660.5)	—	(6,660.5)
Planting provision	—	(2,000.0)	(2,000.0)	—	(2,000.0)
Interest expense	—	—	—	(187.4)	(187.4)
Impairment of assets held for sale	—	—	—	(7,020.0)	(7,020.0)
Other costs	(4,215.9)	—	(4,215.9)	(7,717.9)	(11,933.8)
Segment profit/(loss)	**(163.0)**	**(17,335.5)**	**(17,498.5)**	**(12,020.9)**	**(29,519.4)**
Central administration costs					(5,421.8)
Unallocated finance revenue					1,205.0
Unallocated finance costs					(57.0)
Taxation					226.5
Total loss for the year					**(33,566.7)**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs, investment gains or losses, unallocated finance revenue, unallocated finance costs and taxation. This is the measure use for reporting to the Group's chief operating decision makers for the purpose of allocation and assessment of segment performance.

3. Segmental information continued

Segment assets

As at 31 December 2009	Plant Science £000	Plantations £000	Continuing operations £000	Refining & Trading (discontinued) £000	Group £000
Assets					
Equity accounted investments	—	206.1	206.1	—	206.1
Operating assets	1,114.8	1,242.6	2,357.4	2,477.2	4,834.6
Segment assets	**1,114.8**	**1,448.7**	**2,563.5**	**2,477.2**	**5,040.7**
Unallocated assets					7,998.2
Consolidated total assets					**13,038.9**

As at 31 December 2008	Plant Science £000	Plantations £000	Continuing operations £000	Refining & Trading (discontinued) £000	Group £000
Assets					
Equity accounted investments	—	—	—	—	—
Operating assets	1,585.7	—	1,585.7	3,338.1	4,923.8
Segment assets	**1,585.7**	**—**	**1,585.7**	**3,338.1**	**4,923.8**
Unallocated assets					19,690.5
Consolidated total assets					**24,614.3**

For the purposes of monitoring segment performance and allocating resources between segments, the Group's chief operating decision makers monitor the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments except assets relating to central administration.

Segment liabilities

As at 31 December 2009	Plant Science £000	Plantations £000	Continuing operations £000	Refining & Trading (discontinued) £000	Group £000
Liabilities					
Operating liabilities	(470.6)	(158.3)	(628.9)	(1,471.3)	(2,100.2)
Segment liabilities	**(470.6)**	**(158.3)**	**(628.9)**	**(1,471.3)**	**(2,100.2)**
Unallocated liabilities					(1,355.6)
Consolidated total liabilities					**(3,455.8)**

As at 31 December 2008	Plant Science £000	Plantations £000	Continuing operations £000	Refining & Trading (discontinued) £000	Group £000
Liabilities					
Operating liabilities	(1,150.5)	(5,000.0)	(6,150.5)	(3,759.8)	(9,910.3)
Segment liabilities	**(1,150.5)**	**(5,000.0)**	**(6,150.5)**	**(3,759.8)**	**(9,910.3)**
Unallocated liabilities					(1,457.4)
Consolidated total liabilities					**(11,367.7)**

3. Segmental information continued

Segment liabilities continued

For the purposes of monitoring segment performance and allocating resources between segments, the Group's chief operating decision makers monitor the operating and financial liabilities attributable to each segment. All liabilities are allocated to reportable segments except liabilities relating to central administration.

Capital expenditure

As at 31 December 2009	Plant Science £000	Plantations £000	Continuing operations £000	Refining & Trading (discontinued) £000	Group £000
Capital expenditure	**33.9**	**27.0**	**60.9**	**—**	**60.9**

As at 31 December 2008	Plant Science £000	Plantations £000	Continuing operations £000	Refining & Trading (discontinued) £000	Group £000
Capital expenditure	**380.1**	**—**	**380.1**	**1,629.5**	**2,009.6**

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts) by geographical location are detailed below:

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Revenue from external customers		
United Kingdom	**1,689.0**	7,073.3
Other	**110,0**	—
Total revenue from external customers	**1,799.0**	7,073.3
Non-current assets		
United Kingdom	**114.4**	131.4
Other	**493.4**	377.5
Total non-current assets	**607.8**	508.9

Information about major customers

Included in revenues arising from the Plant Science segment are revenues of £1.5m (2008: £4.2m) which arose from sales to the Group's largest customer, Middlesbrough Oil UK Limited, a member of the D1-BP Fuel Crops Limited group. On 27 July 2009, the Group acquired 50% of the issued share capital of D1-BP Fuel Crops Limited from BP International Limited to bring the Group's total interest in the issued share capital of D1-BP Fuel Crops Limited to 100% and the agreement under which these revenues were generated ceased.

4. Revenue and administrative costs

Revenue recognised in the income statement is analysed as follows:

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Continuing operations		
Sales of goods	**1,797.3**	4,168.9
Finance revenue	**667.9**	1,205.0
	2,464.8	5,373.9
Discontinued operations		
Sales of goods	**1.7**	2,904.4
Finance revenue	**405.0**	—
	406.7	2,904.4

No revenue was derived from exchanges of goods or services.

Group operating loss is stated after charging/(crediting):

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Research and development costs written off	—	198.6
Depreciation of plant, property and equipment	**213.4**	124.0
Impairment of plant, property and equipment	—	1,653.4
Amortisation of intangible assets	**4.0**	11.0
Impairment of intangible assets	—	30.6
Impairment of assets held for sale	**64.8**	3,878.2
Net foreign currency differences	**(323.7)**	590.9
Auditors' remuneration		
– audit fees	**69.6**	95.0
– interim audit	**31.7**	32.7
– overseas audit	**60.0**	23.6
– taxation services	**76.5**	81.6
– advice for 2008 fundraising	**—**	118.3
– consulting services	**9.7**	0.6
Total	**247.5**	351.8
Payment under operating leases		
– property	**671.1**	340.5
– plant and machinery	**4.4**	52.0
Provision for bad and doubtful debts	—	19.5

5. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category was as follows:

	Year ended 31 December 2009 Number	Year ended 31 December 2008 Number
Executive Directors	**2**	2
Technical	**57**	29
Administration and operational staff	**50**	143
Total	**109**	174

The costs incurred in respect of these employees (including Directors) were:

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Wages and salaries	**2,168.1**	3,686.0
Social security costs	**383.1**	503.8
Other pension costs	**64.5**	178.9
Total	**2,615.7**	4,368.7

Other pension costs consist of contributions to defined contribution pension plans.

The average number of persons employed by the Company (including Directors) during the year was:

	Year ended 31 December 2009 Number	Year ended 31 December 2008 Number
Executive Directors	**2**	2
Technical	**5**	3
Administration and operational staff	**3**	34
Total	**10**	39

The costs incurred in respect of these employees (including Directors) were:

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Wages and salaries	**395.9**	2,137.4
Social security costs	**49.3**	294.2
Other pension costs	**25.2**	178.9
Total	**470.4**	2,610.5

Notes to the financial statements continued
for the year ended 31 December 2009

6. Key management remuneration

	Short-term employee benefits £000	Post-employment benefits[g] £000	Other long-term benefits £000	Termination benefits £000	Share-based payment £000	**Year ended 31 December 2009 £000**	Year ended 31 December 2008 £000
Executive Directors							
Elliott Michael Mannis [a]	—	—	—	—	—	**—**	277.5
Christopher Tawney [b]	—	—	—	—	—	**—**	64.1
Benjamin Richard Good [c]	180.0	7.2	—	—	—	**187.2**	84.3
Henk Jean Pierre Joos	190.6	—	—	—	—	**190.6**	106.2
Martin John Jarvis	27.0	1.1	—	—	—	**28.1**	—
Non-Executive Directors							
Karl Eric Watkin	—	—	—	—	—	**—**	6.0
John Barclay Forrest	50.0	—	—	—	—	**50.0**	60.0
Clive Neil Morton [d]	—	—	—	—	—	**—**	39.1
Lord Oxburgh of Liverpool [e]	—	—	—	—	—	**—**	75.0
Christopher Leaver	—	—	—	—	—	**—**	35.0
Moira Elizabeth Black	42.0	—	—	—	—	**42.0**	37.9
	489.6	8.3	—	—	—	**497.9**	785.1
Fees paid to third parties [f]						**35.0**	14.6

(a) In 2008, in addition to remuneration of £277,500, Elliot Mannis received £231,500 in termination benefits with an additional £46,000 paid into a designated pension fund.

(b) In 2008, in addition to remuneration of £64,100, Christopher Tawney received £88,300 in termination benefits.

(c) In 2009, post-employment benefits for Benjamin Good consisted of £7,200 in contributions to the defined contribution pension scheme operated by the Group (2008: £4,500).

(d) In 2008, in addition to remuneration of £39,100, Clive Morton received £8,800 in termination benefits.

(e) In 2008, in addition to remuneration of £75,000, Lord Oxburgh of Liverpool received £18,800 in termination benefits.

(f) Fees paid to third parties in respect of the directorship of Brian Myerson.

(g) Post-employment benefits are contributions to the defined contribution pension scheme operated by the Group.

The people identified as key management in the table above are also the Directors of D1 Oils plc.

	Options 1 January 2009[a]	Granted 2009	Exercised 2009	Lapsed in 2009	**Options 31 December 2009**	Exercise price	Exercisable date	Expiry date
John Barclay Forrest	78,125	—	—	—	78,125	£1.28	October–05	October–14
Henk Jean Pierre Joos	170,915	—	—	—	170,915	£2.30	(b)	October–16
Henk Jean Pierre Joos	56,250	—	—	—	56,250	£1.73	(b)	March–17
Benjamin Richard Good	208,696	—	—	—	208,696	£1.73	(b)	March–17
Benjamin Richard Good	1,284,000	—	—	—	1,284,000	£0.21	(b)	May–18

6. Key management remuneration continued

	Options 1 January 2009[(a)]	Granted 2009	Exercised 2009	Lapsed in 2009	**Options 31 December 2009**	Exercise price	Exercisable date	Expiry date
Henk Jean Pierre Joos	1,417,000	—	—	—	1,417,000	£0.21	(b)	May–19
Martin John Jarvis	412,500	—	—	—	412,500	£0.10	(b)	September–19
Benjamin Richard Good	—	467,500	—	—	467,500	£0.10	(b)	September–19
Henk Jean Pierre Joos	—	450,000	—	—	450,000	£0.10	(b)	September–19
	3,627,486	917,500	—	—	4,544,986			

(a) Options in issue at 1 January 2009 or the date of appointment if later.

(b) These options have been granted as one third exercisable on the first anniversary of their date of grant. Thereafter a further 1/36 vests each month over the next 24 months so that the full amount is capable of being exercised after three years. The aggregate amounts of gains made by former Directors on the exercise of share options during the year amounted to £2,125 (2008: nil). This represents the market price of the shares in excess of the exercise price on the date the options were exercised.

7. Finance revenue and costs

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Interest received on bank deposits	**241.4**	872.1
Gain on settlement of finance lease	**405.0**	—
Net foreign exchange movements	**426.1**	332.9
Finance revenue	**1,072.5**	1,205.0
Bank loans and overdrafts	**—**	(57.0)
Interest payable under finance leases and hire purchase agreements	**(81.3)**	(187.4)
Interest accretion on deferred consideration payable	**(23.0)**	—
Finance costs	**(104.3)**	(244.4)

The gain on settlement of finance lease and interest payable under finance leases and hire purchase agreements arise in relation to the Group's discontinued operations.

8. Taxation

Tax recognised in the income statement

	Continuing operations		Discontinued operations		Total	
	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000	**Year ended 31 December 2009 £000**	Year ended 31 December 2008 £000	**Year ended 31 December 2009 £000**	Year ended 31 December 2008 £000
Current tax credit – UK	**(22.6)**	—	**(47.9)**	(247.4)	**(70.5)**	(247.4)
Current tax income – overseas	**(101.2)**	20.9	**—**	—	**(101.2)**	20.9
Tax reported in consolidated income statement	**(123.8)**	20.9	**(47.8)**	(247.4)	**(171.7)**	(226.5)

8. Taxation continued

Reconciliation

A reconciliation of total tax applicable to accounting profit before tax at the Group's effective tax rate for the years ended 31 December 2009 and 31 December 2008 is as follows:

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Loss on ordinary activities before taxation	**(5,261.8)**	(33,793.2)
At United Kingdom tax rate of 28%	**(1,473.3)**	(9,462.1)
Expenditure not allowable for tax purposes	**90.8**	(248.1)
Unrecognised deferred tax asset on impairment of assets	**13.2**	1,212.4
Unrecognised deferred tax on ULSD swaps	—	(308.5)
Share option charge	**112.3**	181.7
Share of loss of joint venture	**26.6**	2,429.0
Effect of different tax rates of subsidiaries in other jurisdictions	**(2.3)**	2.5
Non-taxable net gain on transfer of operations from joint venture	**(770.2)**	—
Unrecognised tax losses	**2,258.0**	4,856.5
Utilisation of prior year losses	**(152.8)**	(507.5)
Write back of investment impairment	**(41.5)**	1,864.9
Research and development tax credits	**(232.5)**	(247.4)
Total tax income reported in consolidated income statement	**(171.7)**	(226.5)

The Group has trading tax losses of £39.9m (2008: £24.6m) that are available indefinitely for offset against future taxable profits of the same trade in the companies in which they arose. The value of the unrecognised trading tax losses at the current tax rate is £11.2m (2008: £6.9m). Deferred tax assets have not been recognised in respect of these trading losses as the companies with losses are not forecast to generate taxable profits for several years and the losses are not transferable. In addition, the Group has capital tax losses of £17.6m (2008: £nil) available for offset against future capital gains. Deferred tax assets have not been recognised in respect of these capital losses as they are not expected to be utilised in the foreseeable future.

9. Loss per ordinary share

For Group	**Year ended 31 December 2009 Number**	Year ended 31 December 2008 Number
Weighted average number of shares in issue	**126,438,697**	108,840,317

	Pence	Pence
Loss per ordinary share – basic and diluted	**(4.03)**	(30.84)

For Group from continuing operations	**Year ended 31 December 2009 Number**	Year ended 31 December 2008 Number
Weighted average number of shares in issue	**126,438,697**	108,840,317

	Pence	Pence
Loss per ordinary share – basic and diluted	**(3.30)**	(20.02)

9. Loss per ordinary share continued

The number of shares in issue at 31 December 2009 was 126,675,219 (2008: 126,625,219). For the purposes of calculating the loss per ordinary share the weighted average number of shares excludes 193,645 shares (2008: 193,645 shares) held by the D1 Oils plc Employee Benefit Trust. No diluted loss per share has been disclosed as the share options are anti-dilutive. For the purposes of calculating earnings per share, the following profit figures were used:

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Loss for the period attributable to equity holders of the parent from continuing operations	**(4,177.1)**	(21,793.2)
Profit/ (loss) for the period attributable to equity holders of the parent from discontinued operations	**(912.9)**	(11,773.5)
Total loss for the period attributable to equity holders of the parent	**(5,090.0)**	(33,566.7)

10. Property, plant and equipment

Group	Freehold land £000	Buildings £000	Motor vehicles £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost						
At 1 January 2008	4,224.9	325.8	21.8	25,853.3	493.1	30,918.9
Additions	—	—	9.0	1,923.4	94.1	2,026.5
Disposal	—	—	—	(136.4)	(47.3)	(183.7)
Reclassify assets between categories	—	(15.5)	—	15.5	—	—
Reclassify as assets held for sale	(4,224.9)	(310.3)	—	(27,267.5)	(347.3)	(32,150.0)
Reclassify as intangible	—	—	—	(17.9)	—	(17.9)
Foreign exchange movements	—	—	2.8	17.5	7.6	27.9
At 31 December 2008	—	—	33.6	387.9	200.2	621.7
Additions	—	—	11.8	37.2	12.0	61.0
Acquired from D1-BP Fuel Crops	—	—	29.6	68.0	5.1	102.7
Disposal	—	—	(0.4)	(23.9)	(133.2)	(157.5)
Reclassify assets between categories	—	—	—	7.9	(7.9)	—
Foreign exchange movements	—	—	0.8	(2.3)	(1.4)	(2.9)
At 31 December 2009	—	—	**75.4**	**474.8**	**74.8**	**625.0**

10. Property, plant and equipment continued

Group	Freehold land £000	Buildings £000	Motor vehicles £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Accumulated depreciation						
At 1 January 2008	1,241.7	287.3	17.4	22,002.9	385.3	23,934.6
Charge for the year	—	—	11.4	81.6	31.0	124.0
Impairment	—	—	—	1,653.4	—	1,653.4
Elimination on disposal	—	—	—	(111.8)	(71.9)	(183.7)
Elimination on reclassification as assets held for sale	(1,241.7)	(287.3)	—	(23,558.7)	(312.4)	(25,400.1)
Elimination on reclassification as intangible	—	—	—	(17.8)	—	(17.8)
Foreign exchange movements	—	—	0.8	6.2	2.0	9.0
At 31 December 2008	**—**	**—**	**29.6**	**55.8**	**34.0**	**119.4**
Charge for the year	—	—	10.6	174.2	28.6	213.4
Reclassify between categories	—	—	—	(20.1)	20.1	—
Elimination on disposal	—	—	(12.2)	(51.8)	(40.6)	(104.6)
Foreign exchange movements	—	—	—	(1.1)	(1.3)	(2.4)
At 31 December 2009	**—**	**—**	**28.0**	**157.0**	**40.8**	**225.8**
Net book value						
At 31 December 2009	**—**	**—**	**47.4**	**317.8**	**34.0**	**399.2**
At 31 December 2008	—	—	4.0	332.1	166.2	502.3
At 1 January 2008	2,983.2	38.5	4.4	3,850.4	107.8	6,984.3

10. Property, plant and equipment continued

Impairment and reclassification of property, plant and equipment

In April 2008, the Group announced its intentions to exit from biodiesel refining and trading activities undertaken at its Middlesbrough and Bromborough sites. Assets used in the refining and trading operations were reclassified as held for sale in April 2008 (see note 13 for details). Prior to the reclassification, plant and machinery acquired in 2008 for refining and trading segment was impaired to reflect its fair value less cost to sell. The assets were not traded in an active market so the recoverable amount was determined by reference to indicative interest in the assets received to date.

Company	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2008	—	—	—
Additions	5.8	18.0	23.8
At 31 December 2008 and 31 December 2009	**5.8**	**18.0**	**23.8**
Accumulated depreciation			
At 1 January 2008	—	—	—
Charge for the year	1.0	2.6	3.6
At 31 December 2008	1.0	2.6	3.6
Charge for the year	1.9	6.1	8.0
At 31 December 2009	**2.9**	**8.7**	**11.6**
Net book value			
At 31 December 2009	**2.9**	**9.3**	**12.2**
At 31 December 2008	4.8	15.4	20.2
At 1 January 2008	—	—	—

11. Intangible assets

	Software licences £000	Goodwill £000	Total £000
Cost			
At 1 January 2008	66.7	64.1	130.8
Reclassification	17.9	—	17.9
Additions in the period	6.8	—	6.8
At 31 December 2008	91.4	64.1	155.5
Disposals	(56.7)	—	(56.7)
Foreign exchange movements	(0.1)	—	(0.1)
At 31 December 2009	**34.6**	**64.1**	**98.7**
Accumulated amortisation			
At 1 January 2008	25.4	64.1	89.5
Reclassification	17.8	—	17.8
Charge for the year	11.0	—	11.0
Impairment	30.6	—	30.6
At 31 December 2008	84.8	64.1	148.9
Charge for the year	4.0	—	4.0
Disposals	(56.7)	—	(56.7)
At 31 December 2009	**32.1**	**64.1**	**96.2**
Net book value			
At 31 December 2009	**2.5**	**—**	**2.5**
At 31 December 2008	6.6	—	6.6
At 1 January 2008	41.3	—	41.3

Goodwill arose on the acquisition of D1 Oil Subsidiary Limited by D1 Oils Trading Limited in 2004. It represents the excess of the fair value of the acquired net assets over their book value. As from 1 January 2006, the date of transition to reporting under IFRS, goodwill is no longer amortised but is now subject to annual impairment testing. The Directors took the decision to impair the carrying value of the goodwill in 2008 in light of the decision to cease refining and trading operations in the UK.

In 2008, software licences used in the refining and trading activities were impaired following the decision to close this operation.

Notes to the financial statements continued
for the year ended 31 December 2009

12. Investments in subsidiaries and jointly controlled entities

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

Name	Nature of business	Country of incorporation	Shareholder class	Holding by D1 Oils plc	Percentage
D1 (UK) Limited	Biofuels	UK	Ordinary	Indirect	100%
D1 Oil Subsidiary Limited	Biofuels	UK	Ordinary	Direct	100%
D1 Oils Africa (Pty) Limited	Biofuels	Swaziland	Ordinary	Indirect	100%
D1 Oils Ghana Pty Limited	Dormant	Ghana	Ordinary	Indirect	100%
D1 Oils India Private Limited	Biofuels	India	Ordinary	Indirect	100%
D1 Oils Madagascar SARL	Biofuels	Madagascar	Ordinary	Indirect	99%
D1 Oils Malaysia Sdn Bhd	Dormant	Malaysia	Ordinary	Indirect	50%
D1 Oils Philippines Inc	Biofuels	Philippines	Ordinary	Indirect	100%
D1 Oils Plant Science (Thailand) Co Limited	Biofuels	Thailand	Ordinary	Indirect	100%
D1 Oils Plant Science Limited	Biofuels	UK	Ordinary	Direct	100%
D1 Oils Plant Science (Zambia) Limited	Biofuels	Zambia	Ordinary	Indirect	100%
D1 Oils Plant Science Africa (Pty) Limited	Biofuels	South Africa	Ordinary	Indirect	100%
D1 Oils Australia Pty Limited	Dormant	Australia	Ordinary	Indirect	10%
D1 Oils Plant Science Belgium NV	Biofuels	Belgium	Ordinary	Indirect	100%
D1 Oils Plant Science Netherlands BV	Biofuels	The Netherlands	Ordinary	Indirect	100%
D1 Oils Plant Science West Africa Soceidad Unipessoal, SA	Biofuels	Cape Verde	Ordinary	Indirect	100%
D1 Oils South Africa (Pty) Limited	Biofuels	South Africa	Ordinary	Indirect	95%
D1 Oils Trading Limited	Biofuels	UK	Ordinary	Direct	100%
D1 Oils Ltd (Malawi)	Biofuels	Malawi	Ordinary	Indirect	100%
D1 Oils Fuel Crops Limited	Biofuels investment	UK	Ordinary	Indirect	100%
Fuel Crops Limited	Dormant	UK	Ordinary	Indirect	100%
Middlesbrough Oils UK Limited	Biofuels	UK	Ordinary	Indirect	100%
D1 Mohan Bio Oils Limited	Biofuels	India	Ordinary	Indirect	50%
D1 Williamson Magor Bio Fuel Limited	Biofuels	India	Ordinary	Indirect	50%
D1-BP Fuel Crops South Africa (Pty) Limited	Biofuels	South Africa	Ordinary	Indirect	95%
D1-BP Fuel Crops Zambia Limited	Biofuels	Zambia	Ordinary	Indirect	100%
D1-BP Fuel Crops Mauritius Limited	Dormant	Mauritius	Ordinary	Indirect	100%
D1 Oils Fuel Crops India Private Limited	Biofuels	India	Ordinary	Indirect	100%
D1-BP Fuel Crops Asia Pacific Pte Limited	Biofuels	Singapore	Ordinary	Indirect	100%
PT D1 Oils Indonesia	Biofuels	Indonesia	Ordinary	Indirect	100%
D1-BP Fuel Crops Malaysia SDN BHD	Dormant	Malaysia	Ordinary	Indirect	100%
D1-BP Fuel Crops Philippines, Inc	Dormant	Philippines	Ordinary	Indirect	100%
D1-BP Fuel Crops (Thailand) Co Limited (in liquidation)	Dormant	Thailand	Ordinary	Indirect	100%

Investments in the Group comprise interests in joint ventures and trade investments. Investments in the Company comprise interests in subsidiary undertakings and trade investments.

12. Investments in subsidiaries and jointly controlled entities continued

Group	D1-BP Fuel Crops joint venture £000	Other joint ventures £000	Total £000
Cost			
1 January 2008	15,180.5	—	15,180.5
Share of joint ventures' results	(8,675.0)	—	(8,675.0)
Exchange difference	155.0	—	155.0
Impairment	(6,660.5)	—	(6,660.5)
1 January 2009	—	—	—
Acquired through acquisition of D1-BP Fuel Crops Limited	—	301.1	301.1
Additional investment	—	—	—
Share of joint ventures' results	—	(95.0)	(95.0)
31 December 2009	**—**	**206.1**	**206.1**

At 31 December 2008, the Group was a 50% shareholder in D1-BP Fuel Crops, a joint venture valued at nil in the Group accounts. On 27 July 2009, the Group purchased BP International's 50% holding in the share capital of D1-BP Fuel Crops.

Part of the activities the Group acquired as part of the acquisition of the whole of the D1-BP Fuel Crops share capital was a joint venture. The joint venture is a 50:50 partnership with Williamson Magor to undertake plantation activities in India. The Group equity accounts for the joint venture.

Company	D1-BP Fuel Crops joint venture £000	Subsidiary undertakings £000	Total £000
Cost			
1 January 2008	12,787.0	125.0	12,912.0
Additions in the year	—	0.1	0.1
Disposals in the year	(12,787.0)	—	(12,787.0)
1 January 2009	—	125.1	125.1
31 December 2009	**—**	**125.1**	**125.1**

The Group's share of the joint ventures' assets and liabilities are as follows:

	2009 £000	2008 £000
Current assets	**483.5**	7,784.0
Non-current assets	**32.2**	687.5
Current liabilities	**(309.6)**	(1,782.5)
Non-current liabilities	**—**	(28.5)
Share of net assets of joint ventures (before impairment)	**206.1**	6,660.5

12. Investments in subsidiaries and jointly controlled entities continued

The Group's share of the joint ventures' losses is as follows:

	2009 £000	2008 £000
Revenue	**58.9**	23.0
Net operating costs	**(168.4)**	(8,211.0)
Operating loss	**(109.5)**	(8,188.0)
Net finance income	**11.8**	145.0
Share of loss from joint ventures accounted for using the equity method	**—**	(628.0)
Loss before tax	**(97.7)**	(8,671.0)
Income tax expense	**2.7**	(4.0)
Share of losses of joint ventures	**(95.0)**	(8,675.0)

The D1-Williamson Magor joint venture had no capital commitments as at 31 December 2009.

13. Assets held for sale

In April 2008, the Group announced its intentions to exit from biodiesel refining and trading activities undertaken at its Middlesbrough and Bromborough sites. The following assets used in the refining and trading operations were reclassified as held for sale in April 2008. At 31 December 2009, the carrying values of the remaining assets were:

	Freehold land £000	Prepaid insurance £000	Total £000
Bromborough – site	**2,000.0**	**124.0**	**2,124.0**

Following the classification of these assets as held for sale, impairment losses of £3,878,000 were recognised in 2008 to reduce the carrying amount of the assets in the disposal group to the recoverable amount (fair value less costs to sell). The assets are not traded in an active market so the recoverable amount has been determined by reference to indicative interest in the assets received to date. The assets are currently being marketed. At 31 December 2008, the carrying amount of the Bromborough site was £2,149,800.

During 2009, the Group disposed of its Middlesbrough site and all assets situated on the site. At 31 December 2008, the assets had a carrying value of £1m. The sale proceeds for the assets were £0.95m resulting in a loss of £0.05m.

14. Discontinued operations

On 9 April 2008, the Group announced the decision of its Board to cease biodiesel refining and trading operations. The two refining sites at Middlesbrough and Bromborough in the UK were closed. Closure of these businesses resulted in the sites and refining equipment being reclassified from plant, property and equipment to assets held for sale. The Middlesbrough site and associated assets were sold in June 2009. The sale of Bromborough site is currently outstanding. At 31 December 2009, the refining and trading operations remained classified as discontinued operations and the site and refining equipment as assets held for sale.

14. Discontinued operations continued

The results of the refining and trading activities of the Group for the year are presented below:

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Revenue	**1.7**	2,904.4
Expenses	**(1,221.4)**	(9,175.7)
Gross profit/(loss)	**(1,219.7)**	(6,271.3)
Asset impairment	**(64.8)**	(5,562.2)
Operating loss	**(1,284.5)**	(11,833.5)
Finance income	**405.0**	—
Finance costs	**(81.3)**	(187.4)
Profit/(loss) before tax from discontinued operation	**(960.8)**	(12,020.9)
Tax income	**47.9**	247.4
Profit/(loss) from discontinued operation	**(912.9)**	(11,773.5)

The 2009 expenses include the recovery of costs of £0.7m from a settlement with a US company.

The assets and liabilities of the refining and trading operations held for sale at 31 December are as follows:

	As at 31 December 2009 £000	As at 31 December 2008 £000
Assets held for sale	**2,124.0**	3,141.8

The net cash flows incurred by the refining and trading operations are as follows:

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Operating	**(374.3)**	(4,388.8)
Investing	**953.0**	(1,673.8)
Financing	**(3,368.1)**	(757.7)
Net cash (outflow)/inflow	**(2,789.4)**	(6,820.3)

The earnings per share for the refining and trading operations are as follows:

	Year ended 31 December 2009 pence	Year ended 31 December 2008 pence
Basic and diluted from discontinued operations	**(0.7)**	(10.8)

15. Inventories

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Raw material stock	**77.6**	—	**—**	—
Work in progress	**—**	—	**—**	—
Finished product	**23.3**	20.3	**—**	—
Total	**100.9**	20.3	**—**	—

16. Trade and other receivables

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Non-current				
Amounts owed by joint ventures	—	—	—	—
Amounts owed by Group undertakings	—	—	8,017.9	—
Other debtors	—	—	—	—
	—	—	**8,017.9**	—
Current				
Trade receivables	**42.0**	9.8	—	—
Amounts owed by Group undertakings	—	—	—	377.9
Other receivables	**661.9**	124.8	**48.7**	24.5
Prepayments and accrued income	**269.8**	381.8	**92.7**	198.9
Taxation and social security	**259.4**	298.6	**20.1**	—
	1,233.1	815.0	**161.5**	601.3

As at 31 December 2009 there were no impairments of, trade receivables with a nominal value of £42,000 (2008: £nil). There were no movements in provision for the impairment of receivables in 2009.

	Individually impaired £000	Collectively impaired £000	Total £000
At 1 January 2008	16.3	—	16.3
Charge for the year	(16.3)	—	(16.3)
At 1 January 2009	—	—	—
At 31 December 2009	**—**	**—**	**—**

The Company had no impairment provisions at any time during 2009 or 2008.

As at 31 December 2009, the ageing of receivables is as follows:

Group at 31 December 2009

	Not yet due £000	Overdue <30 days £000	Overdue 31–60 days £000	Overdue >60 days £000	Total £000
Gross trade receivables as at 31 December 2009	11.0	—	25.3	5.7	42.0
Other receivables	661.9	—	—	—	661.9
Impairment	—	—	—	—	—
Net trade receivables as at 31 December 2009	**672.9**	**—**	**25.3**	**5.7**	**703.9**

Group at 31 December 2008

	Not yet due £000	Overdue <30 days £000	Overdue 31–60 days £000	Overdue >60 days £000	Total £000
Gross trade receivables as at 31 December 2008	9.8	—	—	—	9.8
Other receivables	124.8	—	—	—	124.8
Impairment	—	—	—	—	—
Net trade receivables as at 31 December 2008	134.6	—	—	—	134.6

16. Trade and other receivables continued

Company at 31 December 2009

	Not yet due £000	Overdue <30 days £000	Overdue 31-60 days £000	Overdue >60 days £000	Total £000
Amounts owed by Group undertakings	8,017.9	—	—	—	8,017.9
Other receivables	48.7	—	—	—	48.7
Net trade receivables as at 31 December 2009	**8,066.6**	**—**	**—**	**—**	**8,066.6**

Company at 31 December 2008

	Not yet due £000	Overdue <30 days £000	Overdue 31-60 days £000	Overdue >60 days £000	Total £000
Amounts owed by Group undertakings	377.9	—	—	—	377.9
Other receivables	—	—	—	—	—
Net trade receivables as at 31 December 2008	377.9	—	—	—	377.9

The Company has advanced funds to subsidiary companies to meet their working capital and capital expenditure funding requirements. Amounts owed by Group companies have no fixed repayment date. The Company has not made any calls on subsidiary companies to repay these amounts so they have been classified as not yet due. Amounts owed by Group companies that are not part of the ongoing plans for the Group have been impaired to their estimated realisable amount. The balance of amounts owed by Group undertakings of £8.1m represents the balances due from various group companies which forms an integral part of the Group's strategy and the Directors believe there is a reasonable expectation that this amount will be recoverable in full in the future.

The Group has no concerns over the credit quality of amounts which are overdue and not impaired. No receivables have been impaired. Trade receivables are non-interest bearing and on 30 day terms. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right to offset against any amounts owed by the Group to the counterparty. Given the small number of debtors, the Group assesses the credit risk from each debtor through scrutiny of the debtor's finances in a manner commensurate with the level of credit exposure. The Group has no specific concerns about its receivables that are neither past due nor impaired.

17. Other financial assets

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Cash held as collateral against finance lease creditors[(a)]	**—**	1,989.9	**—**	—
Other cash deposits[(b)]	**4,534.1**	3,000.0	**4,534.1**	3,000.0
Accrued bank interest	**13.5**	82.5	**13.5**	82.5
	4,547.6	5,072.4	**4,547.6**	3,082.5

(a) At 31 December 2008, the Group had a deposit of £1,989,866 charged to Allied Irish Bank as cash collateral for part of the finance lease creditor. In June 2009, the Group terminated and settled the lease and the deposit was released.

(b) Other cash deposits represent two deposits. The first is for 186 days at an interest rate of 1.20% maturing on 1 March 2010. The second is for 182 days at an interest rate of 0.85% maturing on 4 June 2010.

18. Cash and short-term deposits

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Cash at bank and in hand	**2,425.5**	2,894.1	**600.8**	568.9
Short-term deposits	**2,000.0**	12,161.8	**2,000.0**	12,161.8
	4,425.5	15,055.9	**2,600.8**	12,730.7

18. Cash and short-term deposits continued

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods up to three months depending on the immediate cash requirements of the Group and earn interest at varying short-term deposit rates. The fair value of Group cash and cash equivalents at 31 December 2009 is £4,425,500 (2008: £15,055,900). The fair value of Company cash and cash equivalents at 31 December 2009 is £2,600,800 (2008: £12,730,700).

19. Trade and other payables

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Current				
Trade payables	**364.4**	657.1	**174.6**	293.7
Other payables	**91.5**	179.4	**—**	—
Taxation and social security	**167.3**	259.9	**48.0**	67.3
	623.2	1,096.4	**222.6**	361.0

Trade payables are non-interest bearing and the average creditor days is 44.

20. Interest-bearing loans and borrowings

	Group 2009 £000	Group 2008 £000	**Company 2009 £000**	Company 2008 £000
Current				
Current obligations under finance leases and hire purchase agreements	**—**	2,566.8	**—**	—
Mortgage payable	**—**	720.0	**—**	—
	—	3,286.8	**—**	—

At 31 December 2008, the Group's entire finance lease obligation related to the lease of four D1 20 refining units situated at the decommissioned Middlesbrough refining site. In June 2009, the Group terminated the lease and reached a settlement with the lessor for this termination and to acquire the D1 20 units.

At 31 December 2008, the mortgage was over the Group's site at Forty Foot Road, Middlesbrough, TS2 1HG. In July 2009, the Group completed the sale of the site and repaid the outstanding balance of the mortgage of £690,000.

21. Finance lease and hire purchase commitments

Group

	Minimum payments 2009 £000	**Present value of payments 2009 £000**	Minimum payments 2008 £000	Present value of payments 2008 £000
Within one year	**—**	**—**	701.9	472.5
After one year but not more than five years	**—**	**—**	2,213.1	2,094.4
Total minimum lease payments	**—**	**—**	2,915.0	2,566.8
Less amounts representing finance charges	**—**	**—**	(348.2)	—
	—	**—**	2,566.8	2,566.8

At 31 December 2008, the Group's entire finance lease obligation related to the lease of four D1 20 refining units situated at the decommissioned Middlesbrough refining site. In June 2009, the Group terminated the lease and reached a settlement with the lessor for this termination and to acquire the D1 20 units.

The Company did not have any finance leases in either 2009 or 2008.

22. Provisions

Group

	Planting Provision [a] £000	Redundancy provision [b] £000	Contract settlement provision [c] £000	Onerous contracts[d] £000	Group contractual commitments £000
Current					
At 1 January 2009	5,000.0	161.0	640.0	—	5,801.0
Used in the year	(5,000.0)	(161.0)	(640.0)	—	(5,801.0)
Additions in the year	_	154.0	310.3	1,332.2	1,796.5
At 31 December 2009	**—**	**154.0**	**310.3**	**1,332.2**	**1,796.5**

(a) A planting provision was raised to cover a potential shortfall in planting assets contributed to the joint venture. On 4 February 2009, the Group settled the provision of £5m with its joint venture partner, BP.

(b) The redundancy provision covers redundancy plans announced in 2009 but in respect of which final settlement is still under negotiation at 31 December 2009.

(c) The contract settlement provision covers possible settlement of various contracts. The details are not disclosed as they are commercially sensitive and may influence the outcome of the matters.

(d) The onerous contract provision is in respect of estimated future costs in relation to contracts and obligations associated with the vacant site at Bromborough.

Company

	Redundancy provision [a] £000	Contract settlement provision[b] £000	Company contractual commitments £000
Current			
At 1 January 2009	—	—	—
Additions in the year	154.0	250.0	404.0
At 31 December 2009	**154.0**	**250.0**	**404.0**

(a) The redundancy provision covers redundancy plans announced in 2009 but in respect of which final settlement is still under negotiation at 31 December 2009.

(b) The contract settlement provision covers possible settlement of various contracts.

23. Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2009 are as follows:

	Group Land and buildings 2009 £000	**Group Plant and equipment 2009 £000**	Group Land and buildings 2008 £000	Group Plant and equipment 2008 £000
Within one year	**410.1**	**2.2**	478.4	2.9
After one year but not more than five years	**720.3**	**3.5**	1,177.4	5.7
After more than five years	**1,185.2**	**—**	1,016.0	—
	2,315.6	**5.7**	2,671.8	8.6

The Group had entered into commercial leases on certain property and items of equipment. There are two property leases at Bromborough. Each lease runs until the year 2106 and each lease contains a break clause exercisable in 2021. The equipment leases have an average duration of between one and four years. There are no restrictions placed upon the lessee by entering into these leases.

23. Operating lease commitments continued

	Company Land and buildings 2009 £000	Company Land and buildings 2008 £000
Within one year	**24.5**	98.0
After one year but not more than five years	**—**	133.9
After more than five years	**—**	—
	24.5	231.9

During 2009, the Company renegotiated the terms of its office lease.

24. Authorised and issued share capital

	Group and Company 2009 No. of shares	Group and Company 2008 No. of shares	**Group and Company 2009 £000**	Group and Company 2008 £000
Authorised				
Ordinary shares of 1p each	**300,000,000**	300,000,000	**3,000.0**	3,000.0
Called up, allotted and fully paid				
At 1 January	**126,625,219**	62,241,219	**1,266.3**	622.4
Issued on exercise of share options	**50,000**	—	**0.5**	—
Issued on placing of new shares	**—**	64,384,000	**—**	643.9
At 31 December	**126,675,219**	126,625,219	**1,266.8**	1,266.3

The Company has one class of ordinary shares which carry no rights to fixed income.

25. Equity

Share capital

Share capital represents the nominal value of shares issued by the Company.

Share premium

Share premium represents the premium over the nominal value raised on the issue of shares by the Company.

Own shares held

D1 Oils Employee Benefit Trust holds 193,645 shares in D1 Oils plc which were acquired at a total cost of £484,000. Shares held by the trust can be purchased by employees exercising options under the Group's option scheme. At 31 December 2009, the shares had a market value of £11,619.

Merger reserve

The merger reserve arose when the Company acquired 100% of the issued share capital of D1 Oils Trading Limited in consideration for ordinary shares in D1 Oils plc. The acquisition was accounted for under the rules of merger accounting as a group reorganisation with the share premium being adjusted through the merger reserve.

Share option reserve

The share option reserve at 31 December 2008 arose on the granting of options to BP on the formation of the D1-BP Fuel Crops Limited joint venture. Following the Group's acquisition of BP International's 50% of the D1-BP Joint Venture, the existing share options were replaced with 24,119,088 share options with exercise prices of between 13p and 18.5p.

26. Related party disclosures and principal subsidiary undertakings

To 27 July 2009, the Group had a 50:50 joint venture agreement with 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. From 1 January 2009 to 27 July 2009, the Group supplied assets and services to the joint venture totalling £1,496,000 (2008 full year: £4,168,000) and the amount owed by the Group to the joint venture as at 27 July 2009 was £878,000 (31 December 2008: £171,000).

Any related party transactions involving Directors are shown in note 6.

During the year, the Company provided net funding to subsidiary companies within the Group as follows:

	2009 £000	2008 £000
D1 Oils Trading Limited	**5,330.2**	3,401.3
D1 Oils Plant Science Limited	**2,425.5**	(53.7)
D1 (UK) Limited	**—**	1,864.8
D1 Oil Subsidiary Limited	**491.4**	1,696.3
Total	**8,247.1**	6,908.7

At 31 December, net funding balances due to the Company from subsidiary undertakings were as follows:

	2009 £000	2008 £000
D1 Oils Trading Limited	**56,798.0**	51,467.8
D1 Oils Plant Science Limited	**2,803.4**	377.9
D1 (UK) Limited	**15,953.9**	15,953.9
D1 Oil Subsidiary Limited	**10,923.2**	10,431.8
Impairment	**(77,853.5)**	(77,853.5)
Total	**8,625.0**	377.9

The Company does not anticipate any repayments being made within one year. Balances in excess of expected repayments have been impaired. The funding is not subject to any interest charge. The impairment charge in 2009 was £nil (2008: £6,962,400).

27. Share-based payments – Group and Company

All employees share option plan

Awards are made to staff at the discretion of the Board of Directors either on appointment, at salary review time, or any other time that the Directors deem appropriate. There are no specific performance criteria attached to the options.

Options vest in one of two ways:

1. Options granted vest 1/3 after 12 months, 1/3 after 24 months and the remaining 1/3 after 36 months.

2. Options granted vest 1/3 after 12 months with the remaining 2/3 vesting in equal monthly instalments over the next 24 months.

Equity settlement is applied to all options, there is no cash alternative.

The expected life of the options has been assessed at 2.5 years for options which vest 1 year from grant and 4 years for options which vest after 1 year. The contractual life of the options is 10 years.

27. Share-based payments – Group and Company continued

All employees share option plan continued

The fair value of the awards are calculated using the Black-Scholes model and subsequently adjusted for gain dependency, assessed at 15%, and forfeitures, assessed at 10% over the life of the award. A volatility adjustment considered appropriate for the sector and the age of the Group is included in the calculation. In forming the volatility assumption, the Directors have considered the volatility of the share price since the date of listing. The volatility of companies operating in the same sector has also been reviewed. Based on these factors, volatility has been assessed at 65% for awards granted before 1 March 2007, 60% for awards granted after 1 March 2007 but before 1 January 2008, 70% for awards granted after 1 January 2008 but before 1 January 2009 and 95% for awards granted after 1 January 2009. Appropriate risk free rates (as defined by the Bank of England) between 2.1% and 5.6% have been applied to individual awards. A zero dividend yield has been assumed.

The expenditure recognised in the income statement of the Group and the Company for share-based payments in respect of employee services received during the year to 31 December 2009 is £401,000 (2008: £649,000). This expense all relates to equity-settled, share-based payment transactions.

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the year.

	2009 Number	**2009 WAEP**	2008 Number	2008 WAEP
Outstanding at 1 January	**12,171,570**	**0.77**	5,386,073	1.99
Granted during the year	**1,917,500**	**0.10**	8,375,379	0.21
Forfeited during the year	**(2,619,085)**	**1.13**	(1,589,882)	1.90
Exercised	**(50,000)**	**0.01**	—	—
Outstanding at 31 December	**11,419,985**	**0.57**	12,171,570	0.77
Exercisable at 31 December	**6,195,550**	**0.89**	3,040,611	2.04

The range of exercise prices for options outstanding at the end of the year was 10p – 297.5p. The weighted average remaining contractual life of the options in issue at 31 December 2009 is 8.2 years.

The options granted in 2009 had a weighted average fair value of 2.7p and a weighted average exercise price of 10.0p.

Option agreements with BP International Limited

As part of the D1-BP Fuel Crops Limited joint venture set up in 2007, BP was granted options in D1 Oils plc. In July 2009, this joint venture was dissolved. Part of the consideration for the purchase of BP's share in D1-BP Fuel Crops Limited was the cancellation of the existing share options and the issue of new share options at lower exercise prices.

Options prior to the dissolution of the D1-BP Fuel Crops Limited joint venture on 27 July 2009

In 2007 as part of the agreement establishing D1-BP Fuel Crops Limited, options were granted to BP International Limited that represent 16% of the issued share capital of the Company after exercise of the options at 31 December 2008. The options are exercisable at the following prices:

Options	Exercise price
2,931,367 ordinary shares	210p per share
2,931,367 ordinary shares	230p per share
2,931,367 ordinary shares	265p per share
2,931,366 ordinary shares	300p per share

These options were exercisable at any time between 1 October 2007 and 1 October 2010.

The fair value of the awards was calculated using the Binomial model. A volatility assumption of 60% was included in the calculation and considered appropriate for the sector and age of the Group. In forming the volatility assumption the Directors considered the volatility of the share price over the two years to the date of grant. An appropriate risk free rate as defined by the Bank of England of 5.7% and a zero dividend yield are applied to the calculation.

27. Share-based payments – Group and Company continued

Option agreements with BP International Limited continued

Options prior to the dissolution of the D1-BP Fuel Crops Limited joint venture on 27 July 2009 continued

The total fair value of these options for the Group and the Company was £12,787,000 and was all recognised in equity in the year to 31 December 2007. In recognition of the cancellation of these share options, the share option reserve of £12,787,000 was removed.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, these options during the year.

	2009 Number	**2009 WAEP**	2008 Number	2008 WAEP
Outstanding at 1 January	**11,725,467**	**2.51**	11,725,467	2.51
Granted during the year	**–**	**–**	–	–
Exercised	**–**	**–**	–	–
Cancelled	**(11,725,467)**	**(2.51)**	—	—
Outstanding at 31 December	**—**	**—**	11,725,467	2.51
Exercisable at 31 December	**—**	**—**	11,725,467	2.51

Options issued as consideration for the D1-BP Fuel Crops Limited acquisition on 27 July 2009

As part of the agreement to acquire the remaining of D1-BP Fuel Crops Limited from BP International Limited on 27 July 2009, the Company brought BP up to the 16% entitlement of the issued share capital of the Company. The options were exercisable at the following prices:

Options	Exercise price
6,029,772 ordinary shares	13p per share
6,029,772 ordinary shares	14p per share
6,029,772 ordinary shares	16p per share
6,029,772 ordinary shares	18.5p per share

These options were exercisable at any time between 27 July 2009 and 27 July 2019.

The fair value of the awards was calculated using the Black-Scholes model. A volatility assumption of 87% was included in the calculation and considered appropriate for the sector and age of the Group. In forming the volatility assumption the Directors considered the volatility of the share price over the three years to the date of grant. An appropriate risk free rate as defined by the Bank of England of 3.75% and a zero dividend yield are applied to the calculation.

The total fair value of these options for the Group and the Company was £1.0m and was all recognised in equity in the year to 31 December 2009.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, these options during the year.

	2009 Number	**2009 WAEP**	2008 Number	2008 WAEP
Outstanding at 1 January	—	—	—	—
Granted during the year	**24,119,088**	**0.15**	—	—
Outstanding at 31 December	**24,119,088**	**0.15**	—	—
Exercisable at 31 December	24,119,088	0.15	—	—

The weighted average fair value per option of options granted to BP International Limited during the year was 15p. The range of exercise prices for options outstanding at the end of the year was 13p – 18.5p. The weighted average remaining contractual life of the options in issue at 31 December 2009 is 9.6 years.

28. Financial risk management objectives and policies

The main risks arising from the Group's 2009 operations were interest rate risk, liquidity risk, foreign currency translation risk and certain commodity price risks. Following the cessation of refining and trading activities in April 2008, commodity price risk was eliminated and foreign currency translation risk substantially reduced.

The main risk arising from the Company's 2009 operations is interest rate risk.

Interest rate risk

Mortgage obligations

The Group had one mortgage obligation, the terms of which include a floating interest rate of 1.75% above LIBOR. The capital outstanding at 31 December 2009 was £nil (2008: £720,000 at 1.75% above LIBOR). The mortgage obligation was settled in June 2009.

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in LIBOR rates, with all other variables held constant, through the impact of floating rate borrowings.

	Increase/ decrease in LIBOR rate	Effect on loss before tax £000	Effect on equity £000
2009	**+0.5%**	**—**	**—**
	-0.5%	**—**	**—**
2008	+0.5%	3.6	3.6
	-0.5%	(3.6)	(3.6)

'At call' cash

The Group and Company retain cash in 'at call' bank accounts to cover working capital requirements. Funds held 'at call' on floating interest rates at 31 December 2009 totalled £2,425,500 (2008: £2,894,100) in the Group and £600,800 (2008: £568,900) in the Company.

The following table demonstrates the sensitivity of the Group and Company's profit before tax and equity to a reasonably possible change in floating interest rates, with all other variables held constant, that may impact interest on 'at call' cash.

	Increase/ decrease in floating interest rate	Group Effect on loss before tax £000	Group Effect on equity £000	Company Effect on loss before tax £000	Company Effect on equity £000
2009	**+0.5%**	**12.1**	**12.1**	**3.0**	**3.0**
	-0.5%	**(12.1)**	**(12.1)**	**(3.0)**	**(3.0)**
2008	+0.5%	14.5	14.5	2.8	2.8
	-0.5%	(14.5)	(14.5)	(2.8)	(2.8)

Fixed term deposits

The Company invests surplus funds on behalf of the Group in fixed rate term deposits. Funds held on fixed rate term deposits at 31 December 2008 totalled £6,534,100 (2008: £15,161,800).

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates on term deposits, with all other variables held constant that may impact the Company and the Group following the maturity of the deposits and subsequent reinvestment of the funds.

28. Financial risk management objectives and policies continued

Fixed term deposits continued

	Increase/ decrease in term deposit interest rate	Effect on loss before tax £000	Effect on equity £000
2009	**+1%**	**65.3**	**65.3**
	-1%	**(65.3)**	**(65.3)**
2008	+1%	151.6	151.6
	-1%	(151.6)	(151.6)

Liquidity risk

The Group seeks to manage financial risk to ensure sufficient liquid funds are available to meet foreseeable needs while investing cash assets safely and profitably.

The Group is almost solely financed by equity. The Group manages liquidity risk by maintaining adequate reserves to meet short-term funding requirements while investing excess funds in bank term deposits. If required, these deposits can be recalled immediately.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2009 and 2008 based on contractual undiscounted payments. Interest rates on variable rate loans are based on the rate prevailing at the balance sheet date.

Year ended 31 December 2009	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Interest bearing loans and borrowings	—	—	—	—	—	—
Trade and other payables	—	364.4	—	—	—	364.4
Total	**—**	**364.4**	**—**	**—**	**—**	**—**

Year ended 31 December 2008	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Interest bearing loans and borrowings	2,566.8	23.2	68.7	417.8	409.4	3,486.0
Trade and other payables	—	1,096.4	—	—	—	1,096.4
Total	2,566.8	1,119.6	68.7	417.8	409.4	4,582.4

Foreign currency risk

An explanation of the Group's financial instrument risk is included in the Directors' Report in the principal risks and uncertainties section.

Foreign operations

The Group has operations in a number of countries. These operations are funded on a needs basis with outstanding external debtors and creditors kept to a minimum, in part to minimise exposure to foreign currency fluctuations. At 31 December 2008, the Group was materially exposed to foreign currency fluctuations on cash balances of £1,503,974 held in South African Rand and US Dollar denominated 'at call' accounts in two of its African companies. In 2009, the Group repatriated these funds.

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in the South African Rand and US Dollar exchange rates against the British Pound, with all other variables held constant, on the cash balances detailed above.

28. Financial risk management objectives and policies continued

Foreign currency risk continued

Foreign operations continued

	Increase/ decrease in USD rate	Effect on loss before tax £000	Effect on equity £000
2009	**+5%**	**—**	**—**
	-5%	**—**	**—**
2008	+5%	75.3	75.3
	-5%	(75.3)	(75.3)

Managing capital

The Group aims to optimise its capital structure by holding an appropriate level of debt relative to equity in order to maximise shareholder value. The appropriate level of debt is set with reference to a number of factors and financial ratios including expected operating and capital expenditure cash flows, contingent liabilities and the level of restricted cash as well as the general economic environment. The Group aims to control its capital structure by issuing new shares and raising debt finance to the extent that it is possible on commercially acceptable terms. The economic conditions currently prevailing within the biofuels industry have restricted the Group's ability to raise debt finance and exert any significant degree of control over its gearing ratio. As a consequence, the Group is currently financed primarily from equity. The Group monitors capital using a gearing ratio, being loans and borrowings divided by equity funds plus loans and borrowings.

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Loans and borrowings		
Obligations under finance leases	—	2,566.8
Instalments due on mortgage	—	720.0
Total long-term liabilities	—	3,286.8
Equity	**9,787.5**	476.7
Total equity and loans and borrowing	**9,787.5**	3,763.5
Gearing ratio	**0.0%**	87.3%

Equity includes all capital and reserves of the Group attributable to the equity holders of the parent. The Group is primarily financed through equity and it should be noted that the equity component in the gearing ratio calculation includes the impact of retained losses of £90.8m.

Fair values of financial assets and financial liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Group and Company's financial instruments that are carried in the financial statements.

	Book value 2009 £000	**Fair value 2009 £000**	Book value 2008 £000	Fair value 2008 £000
Financial assets				
Cash and short-term deposits	**4,425.5**	**4,425.5**	15,055.9	15,055.9
Long-term deposits and cash collateral	**4,547.6**	**4,547.6**	5,072.4	5,072.4
Financial liabilities				
Interest-bearing loans and borrowings	**—**	**—**	720.0	720.0
Finance lease and hire purchase agreements	**—**	**—**	2,566.8	2,566.8

28. Financial risk management objectives and policies continued
Fair values of financial assets and financial liabilities continued

	Book value 2009 £000	**Fair value 2009 £000**	Book value 2008 £000	Fair value 2008 £000
Financial assets				
Cash and short-term deposits	**2,600.8**	**2,600.8**	12,730.7	12,730.7
Long-term deposits and cash collateral	**4,547.6**	**4,547.6**	3,082.5	3,082.5

The fair value of the financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. The fair value of all the financial assets and financial liabilities above were determined on this basis.

29. Acquisition of subsidiary

On 27 July 2009, the Group acquired 50% of the issued share capital of D1-BP Fuel Crops Limited from BP International Limited to bring the Group's total interest in the issued share capital of D1-BP Fuel Crops Limited to 100%. D1-BP Fuel Crops Limited (subsequently renamed D1 Oils Fuel Crops Limited) is the parent company of a group of companies involved in Jatropha plantation activities. The transaction has been accounted for by the purchase method of accounting.

At the time of the acquisition of the remaining 50% of issued share capital in D1-BP Fuel Crops Limited on 27 July 2009, the Group was also required to reassess the fair value of its original 50% investment in the Group. The carrying value of the original investment was £nil.

The accounting for the business combination is provisional. Due to the nature and location of many of D1-BP Fuel Crops Limited's operations, valuations of non-European acquired group's assets and liabilities are yet to be finalised.

Prior to the acquisition of D1-BP Fuel Crops Limited by the Group, the assets were written down to recoverable value by the management of D1-BP Fuel Crops Limited.

	Book value £000	**Fair value £000**
Non-current assets		
Property, plant and equipment	**96.6**	**96.6**
Investments accounted for using the equity method	**301.1**	**301.1**
	397.7	**397.7**
Current assets		
Inventories	**59.7**	**59.7**
Trade and other receivables	**654.5**	**654.5**
Cash and short-term deposits	**5,493.1**	**5,493.1**
	6,207.3	**6,207.3**
Total assets	**6,605.0**	**6,605.0**
Equities and liabilities		
Current liabilities		
Trade and other payables	**(989.3)**	**(989.3)**
Accruals and deferred income	**(878.8)**	**(878.8)**
	(1,868.1)	**(1,868.1)**
Total liabilities	**(1,868.1)**	**(1,868.1)**
Net assets	**4,736.9**	**4,736.9**

29. Acquisition of subsidiary continued

Consideration	£000
Cash	**500.0**
Deferred consideration [(a)]	**461.4**
Share options [(b)]	**1,025.0**
Total consideration	**1,986.4**

	£000
Fair value of original investment	2,368.5
Negative goodwill on acquisition	**382.1**

Gain on original investment	£000
Fair value of original investment	2,368.5
Investment carrying value prior to 27 July 2009 acquisition	—
Gain on original investment	**2,368.5**

Total investment	£000
Total gain on acquisition of D1-BP Fuel Crops	**2,750.6**

(a) Deferred consideration is a payment of £30 for every tonne of the first 20,000 tonnes of crude Jatropha oil, up to maximum of 600,000, produced by the D1 group and sold to third parties. To the extent not already paid, the 600,000 deferred consideration is payable by D1 at the latest by 31 December 2014.

(b) Share option consideration consisted of four tranches of 6,029,772 share options with respective exercise prices of 13p, 14p, 16p and 18.5p. The share options are exercisable at any time up to 27 July 2019. The fair value of the awards was calculated using the Black-Scholes model. A volatility assumption of 87% was included in the calculation and considered appropriate for the sector and age of the Group. In forming the volatility assumption the Directors considered the volatility of the share price over the three years to the date of grant. An appropriate risk free rate as defined by the Bank of England of 3.75% and a zero dividend yield are applied to the calculation.

The Group acquired BP's 50% share of the D1-BP Fuel Crops group to integrate its plantation activities into the Group and benefit from its synergies with the existing plant science operation.

The excess of fair value over consideration resulted in a gain on the acquisition of £2.8m (negative goodwill of £0.4m and gain on investment £2.4m). The gain reflects the different valuations and plans the joint venture partners had for the business.

Of the acquired receivables, the gross amount receivable and fair value was £654,500 with all amounts expected to be collected.

As a result of the business combination, the pre-existing contract for provision of plant science services from the Group to the D1-BP Fuel Crops Limited group was terminated. Under this arrangement, in 2009 prior to the 27 July 2009 acquisition, the Group recognised revenue for services to the D1-BP Fuel Crops Limited joint venture of £1,495,834.

The acquired D1-BP Fuel Crops Limited group contributed £0.05m to revenue and £0.9m loss to loss before tax for the period between the date of acquisition and the balance sheet date.

If the acquisition of the company had been completed on the first date of the financial year, Group revenues for the period would have been £1.8m. The Group loss would not have changed as the 2009 pre-acquisition loss of the D1-BP Fuel Crops Limited group of £7.9m would have been offset by an additional gain on acquisition of the same amount.

30. Contingent assets

D1 Oils Trading Limited has commenced proceedings to recover amounts due under a note beneficial entitlement of which was assigned to the company as a result of a previous settlement. The note issuer has delayed payment of the note. D1 Oils Trading Limited has not recognised an asset in relation to this note as the amount and timing of cash flows from the note are uncertain.

31. Contingent liabilities

The Group is currently awaiting a court decision on a claim of unfair dismissal with a former employee. The Group maintains that the termination of employment was not unfair. The former employee is seeking £0.1m. No provision has been made in these financial statements as the Group's management do not consider that there is any probable loss.

32. Capital commitments

At the end of the year capital commitments were:

	2009	2008
	£000	£000
Contracted but not provided for in the accounts	**—**	—

Notice of annual general meeting

D1 Oils plc
(the “Company”)

Notice is hereby given that the Annual General Meeting of the members of the Company (the "AGM") will be held at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH on 23 July 2010 at 11.30 a.m. to transact the following business:

Ordinary business

1. To receive and consider the annual accounts of the Company for the financial year ended 31 December 2009 together with the Directors’ report for that financial year and the auditors’ report on those accounts (the "Annual Accounts and Report").

2. To re-appoint Ernst & Young LLP as auditors of the Company from the conclusion of this meeting until the conclusion of the next annual general meeting of the Company at which accounts are laid before the shareholders in accordance with the provisions of the Companies Act 2006 (the "Act") and to authorise the Directors to fix the auditors’ remuneration.

3. To re-appoint as a Director of the Company, Martin John Jarvis, who was appointed since the last annual general meeting and retires under Article 93 of the Company’s articles of association, subject to his re-appointment not having been dealt with at any earlier general meeting of the Company.

4. To re-appoint as a Director of the Company, Nicholas Ward, who was appointed since the last annual general meeting and retires under Article 93 of the Company’s articles of association, subject to his re-appointment not having been dealt with at any earlier general meeting of the Company.

Special business

To consider and, if thought fit, pass the following resolutions of which resolutions 5 and 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions:

Ordinary resolutions

5. THAT, in accordance with section 366 of the Act, the Company and its subsidiaries are hereby authorised to:

   5.1. make political donations to political organisations or independent election candidates, as defined in sections 363 and 364 of the Act, not exceeding £30,000 in total; and

   5.2. incur political expenditure, as defined in section 365 of the Act, not exceeding £30,000 in total, during the period commencing on the date of this resolution and ending on 23 July 2011 or, if sooner, the conclusion of the next annual general meeting of the Company.

6. THAT, in substitution for all existing authorities (save for that contained in resolution 7 passed at the annual general meeting held on 23 July 2009, which shall continue to apply in relation to the Option Agreement (as defined below)), the Directors be and they are hereby generally and unconditionally authorised, in accordance with section 551 of the Act to:

6.1 exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £502,647.69 (50,264,769 Ordinary Shares) save that the Directors shall not exercise this authority in respect of an aggregate nominal amount which exceeds £v:

where £v (rounding down to the nearest £1)

$$= 1/3 \times \frac{(126{,}675{,}219+w)}{100}$$

where w = the number of Ordinary Shares that have been issued from time to time pursuant to the option agreement dated 16 July 2009 between the Company and BP International Limited (as amended and restated from time to time) (the “Option Agreement”);

and provided that this authority will expire 15 months after the date on which this resolution is passed or the expiration of the period from the date this resolution is passed to the date that the next annual general meeting of the Company is concluded (whichever occurs first), but the Company may, before this authority expires, make an offer or agreement which would or might require relevant shares or rights to be allotted or granted after this authority expires and the Directors may allot shares or grant rights pursuant to such offer or agreement as if the authority conferred by this resolution had not expired;

6.2 exercise all powers of the company to allot shares in the Company or to grant rights to subscribe for to convert any security into shares of the Company in connection with a rights issue or other offer in favour of

shareholders where the shares or rights respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to their respective holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, directions from any holders of shares to deal in some other manner with their respective entitlements, legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange) up to a maximum aggregate nominal amount of an additional £502,647.69 (50,264,769 Ordinary Shares) save that the Directors shall not exercise this authority in respect of an aggregate nominal amount which exceeds £v:

where £v (rounding down to the nearest £1)

$$= 1/3 \times \frac{(126{,}675{,}219+w)}{100}$$

where w = the number of Ordinary Shares that have been issued from time to time pursuant to the Option Agreement;

and provided that this authority will expire 15 months after the date on which this resolution is passed or the expiration of the period from the date that the next annual general meeting of the Company is concluded (whichever occurs first), but the Company may, before this authority expires, make an offer or agreement which would or might require relevant securities to be allotted after this authority expires and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred by this resolution had not expired.

Special resolutions

7. THAT, subject to and conditional upon the passing of resolution 6 the Directors be and they are hereby given power, in substitution for all existing authorities (save for that contained in resolution 9 passed at the annual general meeting held on 23 July 2009 which shall continue to apply in relation to the Option Agreement), in accordance with section 571(1) of the Act to allot equity securities for cash (within the meaning of section 560 of the Act) pursuant to the authority conferred by resolution 6 above as if section 561 of the Act did not apply to the allotment provided that such power shall be limited to:

   7.1. the allotment of equity securities in connection with an offer of equity securities open for acceptance for a period fixed by the Directors to holders of equity securities on the register of members of the Company on a date fixed by the Directors in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with:
      - 7.1.1. fractional entitlements; or
      - 7.1.2. directions from any holders of shares to deal in some other manner with their respective entitlements; or
      - 7.1.3. legal or practical problems arising in any overseas territory; or
      - 7.1.4. the requirements of any regulatory body or stock exchange; and

   7.2. the allotment (otherwise than pursuant to the said resolution 9 and sub-paragraph 7.1 above) of equity securities up to an aggregate nominal amount of £75,397.15 (7,539,715 Ordinary Shares) save that the Directors shall not exercise this authority in respect of an aggregate total amount which exceeds £x:

   where £x (rounding down to the nearest £1)

   $$=5/100 \times \frac{(126{,}625{,}219+y)}{100}$$

   where y = the number of Ordinary Shares that have been issued pursuant to the Option Agreement from time to time;

and the power hereby conferred shall expire 15 months after the date of passing of this resolution or on the expiration of the period from the date this resolution is passed to the date that the next annual general meeting of the Company is concluded (whichever first occurs) but may be previously revoked or varied by special resolution and so that the Company may before such expiry make an offer or agreement which will or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if such power had not expired.

Notice of annual general meeting
D1 Oils plc
(the “Company”)

8. THAT with immediate effect:

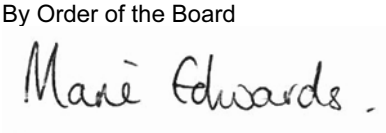
(a) the articles of association of the Company adopted on 21 May 2008 (the "Current Articles") be amended by deleting the provisions of the memorandum of association which, by virtue of section 28 of the Act, would be treated as provisions of the Current Articles; and

(b) the draft articles of association of the Company produced to the AGM and for the purposes of identification marked “A” and signed by the Chairman of the AGM (the "New Articles"), be adopted in substitution for, and to the exclusion of, the Current Articles.

Recommendation

Your Directors consider that all the resolutions in this Notice are in the best interests of the Company and its shareholders as a whole and we recommend that you vote in favour of them. The Directors intend to do so in respect of their own beneficial holdings.

By Order of the Board



Marie Edwards
Company Secretary

Registered Office:
1 Park Row
Leeds LS1 5AB

28 June 2010

Notice of annual general meeting
D1 Oils plc
(the "Company")

Explanatory notes – Special Business

Resolution 5 – Authority to make donations to political organisations and to incur political expenditure
Part 14 of the Act, amongst other things, prohibits the Company and its subsidiaries from making donations to an EU political party or other EU political organisation or to an independent election candidate in the EU of more than £5,000 in any 12 month period unless they have been authorised to make donations by the Company's shareholders. The Act defines 'political organisations', 'political donations' and 'political expenditure' widely. It includes organisations which carry on activities which are capable of being reasonably regarded as intended to affect public support for a political party or an independent election candidate in any EU Member State or to influence voters in relation to any referendum in any EU Member State. As a result, it is possible that the definition may include bodies, such as those concerned with policy review and law reform, which the Company and/or its subsidiaries may see benefit in supporting. For example, the Company may support organisations involved in the development and promotion of renewable energy or biofuels policy which may be caught by the definitions within the Act. Accordingly, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breaches of the 2006 Act through the undertaking of routine activities, which would not normally be considered to result in the making of political donations and political expenditure being incurred. This resolution renews the authority given to the Company at the 2008 and 2009 annual general meetings. The Company does not intend to make political donations or incur political expenditure as such terms would ordinarily be understood.

Resolution 6 – Authority to allot securities
Section 549 of the Companies Act 2006 provides, in relation to all companies, that the directors may not allot shares in the Company, or grant rights to subscribe for, or to convert any security into, shares in the Company unless authorised to do so by the Company in general meeting or by its Articles of Association. Accordingly, this resolution seeks renewal of the authority previously granted to the directors at the last annual general meeting of the Company. This authority will relate to ordinary shares representing approximately one third of the Company's issued share capital as at the date of this Notice (and as enlarged from time to time by any shares issued pursuant to the Option Agreement), with an additional one third for rights issues and other proportional offers.

Resolution 7 – Disapplication of pre-emption rights
If the directors wish to allot any shares of the Company for cash in accordance with the authority granted at resolution 6 the provisions of the Act require that the new shares must generally be offered first to shareholders in proportion to their existing shareholdings.

In certain circumstances, it may be in the interests of the Company for the directors to be able to allot some shares for cash without having to offer them first to existing shareholders. In addition, there are legal, regulatory and practical reasons why it may not always be possible to issue new shares under a rights issue or other proportionate offer to some shareholders, particularly those resident overseas. To cater for this, the resolution also permits the directors to make appropriate exclusions or arrangements to deal with such difficulties.

In line with normal practice, this resolution, which will be proposed as a special resolution, seeks approval to renew the current authority to exclude the statutory pre-emption rights for issues of shares other than under paragraph 7.1 representing up to 5% of the Company's issued share capital as at the date of this Notice (and as enlarged from time to time by any shares issued pursuant to the Option Agreement).

Resolution 8 – Adoption of new Articles of Association
The Act came into full force on 1 October 2009. It is proposed to adopt the New Articles to update the Current Articles to reflect changes to English company law. In particular, the Current Articles contain provisions which have been superseded by such changes to English company law and are now out of date. If these articles are not removed or amended this may result in the Company being in breach of English company law by carrying out certain actions which are authorised by these obsolete provisions.

The principal changes, as reflected in the New Articles, are set out below. Changes which are of a minor, technical or consequential nature are not highlighted here and the attention of shareholders is drawn to the New Articles (marked 'A') to be produced to the meeting. A copy of the New Articles is available for inspection as noted on page 77 of this document.

1. The company's objects
The provisions regulating the operations of the Company are currently set out in the Company's memorandum of association. The Company's memorandum of association contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Act significantly reduces the constitutional significance of a company's memorandum of association. The Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Act the objects clause and all other provisions which are contained

in a company's memorandum of association, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further, the Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum of association which, by virtue of the Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 8(a) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles therefore contain an express statement regarding the limited liability of shareholders.

2. Articles which duplicate statutory provisions
Provisions in the Current Articles which replicate provisions contained in the Act are in the main amended to bring them into line with the Act.

3. Authorised share capital
The Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Act, save in respect of employee share schemes.

4. Redeemable shares
Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Act enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

5. Suspension of registration of share transfers
The Current Articles permit the directors to suspend the registration of transfers. Under the Act share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

6. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital
Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Act, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed in the New Articles.

7. Adjournments for lack of quorum
Under the Act as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Current Articles have been changed to reflect this requirement.

8. Chairman's casting vote
The New Articles remove the provision of the Current Articles giving the Chairman a casting vote in the event of an equality of votes at a general meeting of the Company as this is no longer permitted under the Act.

9. Voting by proxies on a show of hands
The Shareholders' Rights Regulations have amended the Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes.

10. Vacation of office by directors
The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

11. Change of name
Under the Companies Act 1985, a company could only change its name by special resolution. Under the Act, a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

12. Provision for employees on cessation of business
The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries (other than a director or former director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide an enabling provision that the directors may exercise this power.

13. Use of seals
Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Under the Act, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

14. General
Generally, the opportunity has been taken to bring clearer language into the New Articles and to make minor or technical changes and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.

Notes
1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Annual General Meeting. A Shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy need not be a Shareholder of the Company. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Registrars helpline on 0871 664 0300 (calls cost 10p per minute) or (from overseas) +44 208 639 3399.

2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Registrars, Freepost RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours (excluding non-working days) before the time for holding the meeting (namely by 11.30 a.m. on 21 July 2010) or any adjournment thereof.

3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 7 below) will not prevent a Shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

4. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at 5.30 p.m. on 21 July 2010 (or, in the event of any adjournment, 5.30 p.m. on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

5. As at 25 June 2010 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 126,675,219 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that time were 126,675,219.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.30 a.m. on 21 July 2010 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the

issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

8. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

10. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate Shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that Shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate Shareholder attends the meeting but the corporate Shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate Shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

11. Copies of the Current Articles, the New Articles and Directors' service contracts are available for inspection at the Company's registered office during normal business hours on any weekday (except Saturdays, Sundays and public holidays) and at the place of the Annual General Meeting for 15 minutes prior to and during the Annual General Meeting.

Form of proxy
D1 Oils plc

I/We (block capitals) .....
of.....
being a member(s) of the above named Company hereby appoint the Chairman of the AGM or (note 1)
.....

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company (the "AGM") to be held at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH on 23 July 2010 at 11.30 a.m., and at any adjournment thereof.

I/we direct my/our proxy to vote as indicated by an X in the appropriate column (note 2).

Ordinary business Resolutions	For	Against
1. Ordinary Resolution – to adopt the Annual Report and Accounts		
2. Ordinary Resolution – to re-appoint Ernst & Young LLP as auditors and to authorise the Directors to fix their remuneration		
3. To re-appoint as a Director of the Company, Martin John Jarvis, who was appointed since the last annual general meeting and retires under Article 93 of the Company's articles of association, subject to his re-appointment not having been dealt with at any earlier general meeting of the Company		
4. To re-appoint as a Director of the Company, Nicholas Ward, who was appointed since the last annual general meeting and retires under Article 93 of the Company's articles of association, subject to his re-appointment not having been dealt with at any earlier general meeting of the Company		
Special business Resolutions	For	Against
5. Ordinary Resolution – to authorise the making of certain political donations and incurring of expenditure in connection therewith, in either case not to exceed £30,000 in total		
6. Ordinary Resolution – to authorise the Directors (by way of updated general authority pursuant to section 551 of the Act) to allot relevant shares and grant relevant rights up to an aggregate nominal amount representing approximately one third from time to time of the total issued share capital of the Company and an additional one third for proportionate offers.		
7. Special Resolution – to authorise the Directors (by way of updated general authority pursuant to section 571 of the Act) to allot equity securities (as defined for the purposes of that section) for cash up to an aggregate nominal amount representing approximately 5 per cent from time to time of the total issued share capital of the Company as if section 561 did not apply to such allotment		
8. Special Resolution – to adopt the New Articles		

Date.....2010
.....
Signature(s) and/or common seal (notes 4 and 5)

1. A proxy need not be a member of the Company. Completion and return of this form of proxy does not preclude a member from subsequently attending and voting at the Meeting. If you wish to appoint a proxy other than the Chairman of the Meeting, please cross out the words "the Chairman of the AGM or" and write the full name and address of your proxy in the space provided. The change should be initialled.
2. If you do not indicate how you wish your proxy to vote on the specified resolutions or on any other matters (including any amendments to the resolutions), the proxy will exercise his/her discretion as to how he/she votes and as to whether or not he/she abstains from voting. On any motion to amend any resolution or to propose a new resolution or to adjourn the Meeting or any other motion put to the Meeting the proxy may vote or abstain at his/her discretion. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Registrars helpline on 0871 664 0300 (calls cost 10p per minute) or (from overseas) +44 208 639 3399 or you may photocopy this form. Please mark (and initial) each proxy form clearly with the number of Ordinary Shares held by you in relation to which each proxy is appointed.
3. You may appoint more than one person provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
4. This form must be signed and dated by the Shareholder or his/her attorney duly authorised in writing. In the case of a corporation this form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Form of proxy

D1 Oils plc

5. To be effective, the instrument appointing a proxy and any authority under which it is executed (or a duly certified copy of such authority) must be deposited at the Company's registrars, Capita Registrars, Freepost RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours (excluding non-working days) before the time for holding the meeting (namely by 11.30 a.m. on 21 July 2010) or any adjournment thereof. You may also deliver it by hand to The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

6. In the case of joint holders, the signature of any one of them will suffice but the names of all joint holders should be stated. The vote of the senior who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the votes of the other holders. For this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.

7. Any alteration to this form must be initialled.

D1 Oils plc
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