Growing Energy Solutions

D1 Oils plc

D1 Oils plc Annual report and accounts 2008

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 and planting 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.

"Our discussions with BP to acquire its interest in the capital structure of D1-BP Fuel Crops for an interest in the long-term success of D1 Oils plc will allow us to consolidate our operations to focus on operational delivery and the effectiveness of our existing planting. Our activities will also focus on generating revenue through sales of products and services to the Jatropha industry, and, in the longer term, on ensuring that our planting delivers an annuity to the business in terms of crude vegetable oil and high-value co-product in the form of animal feed. We are forecast to remain cash positive to the end of 2010 when we expect to be able to demonstrate value based upon improved operational performance."

Ben Good, Chief Executive Officer

Operational highlights

- Progress in breeding and selection for oil yield and content – 13 promising selections under global trials and multiplication for release in 2010/2011
- Further progress in husbandry techniques based on field surveys and agronomy research trials – first evidence-based planting handbook for new crop
- New revenue stream development in animal feed programme – first commercial operation of patented process to turn Jatropha meal into animal feed expected in 2011

Corporate developments

- Restructuring
  - Talks underway with BP to dissolve Jatropha joint venture to bring planting and plant science operations together under full D1 control
  - Maintain merged business on lower cost base until market conditions permit new injection of capital
- Refocusing from planting to a focus on near term value objectives:
  - Delivering value from existing planting: farming, managing outgrowers, logistics, processing and routes to market
  - Securing third party revenues: selling technology, products and services to the rest of the Jatropha industry
  - Investing in key science and technology: breeding and cultivar testing, agronomy knowledge and animal feed processing

Financials

- Gross cash as at 31 May 2009 of £11.3m; excluding cash in D1-BP Fuel Crops of £7.1m
- Cash positive until end 2010
- Loss for the year was £33.6m (2007: £46.1m)

"We remain committed to developing Jatropha, which remains the most attractive of the potential new oilseed crops. Our focus will be to capitalise on our established lead in planting and the plant science of the crop and associated technologies to demonstrate a value proposition."

Brian Myerson, Chairman

Chairman and Chief Executive Officer's Report

The year 2008 was a period of significant change and development for the Company. In response to rapid changes in the biodiesel refining sector, we restructured the business to concentrate exclusively on upstream plant science and planting.

The following is our report to shareholders of our results for the year ended 31 December 2008.

The year 2008 was a period of significant change and development for the Company. In response to rapid changes in the biodiesel refining sector, we restructured the business to concentrate exclusively on upstream plant science and planting. The principal focus of the business became the development of *Jatropha curcas* into a low-cost, sustainable crop for biodiesel and the delivery of the associated products, services and technology to realise that development. Our principal operations became our plant science programme, tasked to improve Jatropha yields and to maximise the value of its co-products, and our share in D1-BP Fuel Crops Limited (D1-BP Fuel Crops or the Joint Venture), our global Jatropha planting joint venture with BP International (BP).

As we enter the second half of 2009, we remain committed to developing Jatropha as a new energy crop and, despite unfavourable economic circumstances, to investing in the technologies and capabilities that differentiate us from our competition.

We agreed with BP in early 2009 to market a substantial share in D1-BP Fuel Crops to third parties to contribute to the funding of the further growth and development of the business. However, this process resulted in an insufficient level of interest from potential investors and we are now in discussions with BP over the future of the Joint Venture. The objective is to acquire BP's interest in the capital structure of D1-BP Fuel Crops for an interest in the long-term success of D1 Oils plc, whilst leaving in place substantially all existing cash resources.

This will allow us to merge the planting business with our plant science business and to take advantage of opportunities to generate significant short-term revenue and achieve substantial cost savings. On the revenue side, we are seeing increasing interest from third parties in paying for access to our technology and knowhow in plant breeding, agronomy research and meal (seedcake) processing. On the costs side, the merger will allow us to consolidate central and support activities and reduce overlap and interface costs in the field.

Having undertaken these improvements, we will be well-positioned to implement a less capital intensive business plan to demonstrate value within existing cash reserves. At 31 May 2009, existing cash resources were £11.3m, excluding £7.1m in D1-BP Fuel Crops at the same date. This position reflects the £14.9m proceeds from the May 2008 placing of ordinary shares at 25 pence per share and careful cash management at the D1 level. Under the new unified management structure, we will continue to use our cash sparingly across the Group, tightening our geographic focus and concentrating on the effectiveness of our existing planting rather than investing significantly in further expansion. We believe this is a further improvement on our historic approach, which has arguably concentrated too much on growth and not enough on operational delivery. Cash flow forecasts approved by the Board show that the Group will remain cash positive at least until the end of 2010. It is likely that further development of the business beyond this date will depend on a successful injection of capital at that time. This plan relies on the delivery of a number of objectives further discussed in the Finance Review.

Our future strategy is based on five key beliefs:

- biodiesel will form a significant part of the fuel/energy mix on a global basis for the long term;
- Jatropha's strong sustainability credentials mean it has excellent prospects as an energy crop. It offers a solution to the shortcomings of many first generation biodiesel crops;
- these strong prospects are reflected in the increasing amount of new investment we are seeing in Jatropha projects by serious industrial players. This is a significant opportunity for D1, as it deepens the market for what we offer;
- D1 has been supporting the planting of Jatropha since early 2006 and has an established lead in both the plant science of the crop and in the technology to turn Jatropha meal co-product into a high value animal feed; and
- we can capitalise on our world-leading position in our knowledge of the crop and associated technologies to capture value both in our own planting projects and in those of third parties.

Value in our own projects arises from the prospect of generating a long-term, stable annuity cash flow from planted areas in which we have an interest, helped by high yields and good prices for oil and meal. We aim to generate further value by supplying knowhow and technology to other businesses engaged in Jatropha planting.

Over the next 18 months, we will therefore focus our efforts on those activities which will demonstrably underpin this value proposition. At the end of this period it is our aim to have delivered results that will reduce perceptions of risk and enhance perceptions of value for both existing and potential investors. These results will include another year of yield performance from our plantations, a clear route-to-market demonstration, critical results in our breeding and agronomy research programme, and the next phase of trials to produce animal feed from Jatropha meal.

Industry overview

2008 brought a number of positive developments for Jatropha that support our decision to focus on upstream plant science and planting operations as offering the best long-term value for shareholders.

World demand for vegetable oil is widely expected to increase in the medium to long term. As a consequence, the drive to increase supplies has continued, particularly from sustainable vegetable oil sources in the developing world. Jatropha remains the most attractive of the potential new oilseed crops. A global market study, prepared by the Global Exchange for Social Investment (GEXSI) for the World Wide Fund for Nature (WWF) estimated that, although the Jatropha industry is in the early stages of development, a total of 900,000 hectares of Jatropha had been planted by May 2008. The study predicts that approximately 1.5 to 2m hectares of Jatropha could be planted each year for the next 5–7 years, representing an annual investment of over a billion US dollars, and possibly bringing global planting to 5m hectares by 2010 and 13m hectares by 2015. D1-BP Fuel Crops' planting interests account for 25% of the estimated total global Jatropha planting in 2008. Although the global recession is likely to slow the rate of expansion of planting, we nonetheless believe that the opportunities for D1 presented by the growth of the Jatropha industry are considerable.

Jatropha's ability to be grown on land not normally suitable for food crops makes it both a sustainable alternative feedstock and a potential new cash crop for developing world farmers, including smallholders. The UK's 2008 Gallagher Review recognised that Jatropha could have an "important role" as a biodiesel feedstock, for example as smallholder crop to meet local energy needs and where marginal land cultivation is a policy objective, as in India. Jean Ziegler, UN Special Rapporteur on the Right to Food, has also welcomed Jatropha as a "good solution" to the food versus fuel debate facing world agriculture: "Over half of Africa's arid lands are considered suitable for Jatropha cultivation and cultivating this plant would not only produce biofuel but could simultaneously provide livelihoods for African farmers, increase the productivity of the soil and reverse land degradation and desertification". GEXSI's research is already bearing out expectations, concluding that the expansion of Jatropha production has neither encroached on arable land for food production nor led to deforestation.

The first steps were taken during 2008 to establish global sustainability criteria for the crop, including the establishment of the Roundtable on Sustainable Biofuels (RSB), an international initiative bringing together farmers, companies, non-governmental organisations and inter-governmental agencies, including D1 and D1-BP Fuel Crops. The year also saw increasing interest in the potential of Jatropha as an advanced sustainable fuel, with Air New Zealand carrying out test flights with a Jatropha biodiesel and jet fuel mix, a trend followed in early 2009 by Japan Airlines and Continental Airlines.

Plant science programme

Jatropha curcas has only a short history as a domesticated crop, and to date most planting of Jatropha for biodiesel production worldwide has been carried out with uncultivated (wild) seed and with limited knowledge of the best agronomy practices.

D1's plant science programme, operated by our wholly-owned subsidiary, D1 Oils Plant Science Limited (DOPSL), aims to address this with research designed to improve yields and revenues per hectare. This programme broadly spans three areas:

- what to plant: the selection and breeding of cultivars with promising characteristics;
- how and where to plant it: agronomy research into nutrient requirements, crop protection, pruning, etc. as well as suitability maps for Jatropha; and
- how to process the harvest: development of a process to co-extract both crude vegetable oil and meal with potential to be a high value animal feed supplement.

2008 saw significant progress in each area. In our selection and breeding programme, we delivered 19m seedlings of our first selected Jatropha accession to farmers.

Overall, the plant science programme made excellent progress in 2008. We believe the knowledge base derived from our programme of field surveys, trials and research is one of the most advanced in the world.

We have selected 13 cultivars of Jatropha and have established a network of 29 Product Placement trials worldwide. These cultivars have shown encouraging results in comparative trials, both for grain yield per hectare (more than 25 per cent higher yields) and in oil content (up to 38 per cent oil content on a grain weight basis). During 2009 we have taken the best performing selections from these trials and are multiplying them into seedlots for potential commercial release to farmers in 2010. A number of other promising selections in the breeding pipeline have been identified for potential release in 2011 and onwards.

In agronomy research, we have developed our capability on a number of fronts. We have extensively surveyed large areas of our planting interests to improve our ability to forecast yield based on detailed plant observation. We have used the results of a number of field trials to make specific recommendations to Jatropha farmers. These interventions frequently have a rapid, measurable impact on plant vigour and performance. We have also substantially updated and revised our technical manual for plantation operations.

In India we have signed a non-binding Memorandum of Understanding with Bayer CropScience Ltd, India, the local subsidiary of Bayer CropScience AG, one of the world's leading crop protection companies, to work together to develop a sustainable crop protection model for *Jatropha curcas*.

We also collaborate in agronomy research with a range of universities and research institutes, including the International Crop Research Institute for the Semi-Arid Tropics (ICRISAT) in India, Kasetsart University in Thailand, the University of Bengkulu in Indonesia, the Golden Valley Agricultural Research Trust (GART) and the Zambia Agriculture Research Institute (ZARI) in Zambia.

We are also gathering data on performance against sustainability criteria. According to research carried out by Ecofys, the sustainable energy consulting company, based on data from our planting interests in north east India, biodiesel produced from *Jatropha curcas* grown in that region delivers carbon savings of over 60 per cent compared to fossil fuel diesel. Ecofys made its calculations using the greenhouse gas methodology of the UK Renewable Transport Fuel Obligation (RTFO), taking into account land use change from uncultivated, tropical dry grassland.

In the Jatropha meal to animal feed project, our progress has the potential to benefit significantly the economics of the crop. Currently meal is generally burnt or used as fertiliser and has a lower commercial value. D1's process to enable the co-extraction of oil and high protein content meal will enable us to produce a valuable animal feed component. Tests have shown that the improved meal contains more digestible protein than soya bean meal and has an energy and amino acid composition competitive with the best available protein sources for animal feed production. In 2008, we applied for a UK patent on this process. As a potential complement for soya meal or an alternative in areas where protein meals are scarce, the digestible grain has a potentially high market value. Over the last 12 months, CBOT soya meal prices traded between circa $265 – $400/tonne. We believe that Jatropha meal with similar qualities will in time command a similar value.

Having proved technical feasibility, we are now scaling up the process to produce sufficient quantities of purified meal for animal feed trials during 2009 to test palatability, digestibility, animal growth and other performance indicators. The results of these trials will form the basis for product registration. Our aim is for the first commercial plant to come into operation in 2011. Global patent rights based on the UK patent will give us access to key end-use markets for animal feed.

Overall, the plant science programme made excellent progress in 2008. We believe the knowledge base derived from our programme of field surveys, trials and research is one of the most advanced in the world. Our technical breakthroughs were further validated by confirmation of grant aid of £720,000 from the Dutch government to continue the work.

D1-BP Fuel Crops

As in our plant science operations, the strategy for D1-BP Fuel Crops has been to focus on creating value from existing planting assets and interests. The Joint Venture switched its emphasis from the expansion of planting to the facilitation of the effective farming of the maturing trees to maximise oil yield, investing in the quality of plantations and securing the future flow of oil and co-products to deliver value to investors. Resources have been shifted from the centre to the field to reduce overheads and to increase strength on the ground. Grain is now being collected in key regions as D1-BP Fuel Crops develops its supply chain.

The year 2008 was the first full year of D1-BP Fuel Crops' operation. Based on the accumulated experience with the D1 Group, D1-BP Fuel Crops focused its operations during 2008 on planting regions with good growing prospects for Jatropha and access to the necessary logistics and processing infrastructure to enable future delivery of oil and co-products.

Total planting of Jatropha in which D1-BP Fuel Crops has an interest as at 31 May 2009 is 221,769 hectares, compared to 192,016 hectares as at 31 March 2008. Substantially all of this area is planted under contract farming arrangements. During 2008 the Joint Venture successfully produced its first quantities of crude Jatropha oil, making its first sales for in-country use in Africa at $1,800/tonne. Volumes of oil will increase in 2009 as existing trees mature and younger trees become productive. Given the variability of growing conditions and farming practices, and the potential to obtain additional grain harvested and collected by farmers who are not contracted to us, we are increasingly of the view that additions to the total planted area are not the best measure of progress for the business. We therefore intend progressively to move to measures and projections of harvested and processed volumes as our standard measure of progress in future.

The majority of planting activity during the year took place in north east India through the joint venture with Williamson Magor (D1-WM), in which D1-BP Fuel Crops has a 50 per cent interest. Williamson Magor is one of the world's largest tea producers, and its established capability in agricultural operations and outgrower management have contributed to D1-WM's success in developing a strong market position in the region. Planting by D1-WM was 132,000 hectares at 31 May 2009. By the end of 2009, the Company expects this planting to be producing commercial quantities of grain. D1-WM is particularly focused on agronomy support to third party, small-scale farmers.

In central India we are working with more than 8,000 village communities (Panchayats) with some 74,000 hectares of planted Jatropha. Although some of these communities have contract farming agreements with D1-BP Fuel Crops, the Joint Venture is also in a position to obtain grain collected by other farmers. We are supporting these communities with practical agronomy advice for growing Jatropha and integrating it with their other crops. At this stage most grain will be crushed on a toll basis using third party equipment.

In Africa, D1-BP Fuel Crops began to develop its first "cluster" of planting operations in Malawi, with the proposed acquisition of a 51 per cent share in a 7,000 hectare farm on the Shire River in Malawi. The cluster model aims to encourage Jatropha planting by commercial farmers and small-scale outgrowers around a plantation owned and managed by the Joint Venture, thereby delivering greater efficiencies in processing and logistics. The Malawi farm has good logistics via road and rail into Zambia and Mozambique. Approximately 700 hectares of Jatropha have already been planted on the farm in co-operation with the local partner.

In Indonesia, D1-BP Fuel Crops has concentrated its efforts in East Java, where the crop performs well. However, grain is also being collected from existing planting in West Java and Southern Sumatra. The Joint Venture currently has an interest in over 13,000 hectares of Jatropha planted in the region and has identified several areas for future development. We are now exploring options as to how best to manage operations given both the scale of the opportunity in the region and the costs involved.

As a result of the review of planting performance carried out during 2008, D1-BP Fuel Crops closed its operations in Malaysia, the Philippines and Thailand. It also substantially reduced its scope of activities in Zambia. Planting in Madagascar and Swaziland has been handed over to local management under a buy-out arrangement.

Following completion of the discussions with BP outlined earlier, we intend to operate, using the knowledge of our plant science programme, the most commercially viable areas of planting in which we will maintain an interest in Africa, India and South East Asia. At this stage we will concentrate our resources on extracting maximum value from the existing planting through improving yields and investing in downstream logistics and processing where necessary. We do not anticipate significant additional planting beyond this footprint.

Refining and trading

After a thorough review of operations in early 2008, the Board took the decision that refining and trading no longer represented the best use of shareholders' funds. Our withdrawal from refining and trading was announced in our Preliminary Results on 9 April 2008.

Following this decision we decommissioned our refining equipment and sites at Middlesbrough and Bromborough. Both sites are now closed and ready for sale along with the associated refining equipment. The headcount associated with refining and trading was reduced from 84 at the beginning of 2008 to 2 by the end of the year. Although solid interest in the sites and equipment has been received from a number of parties, the deterioration in the economic climate and the ongoing difficulties of the biodiesel refining sector have delayed the disposal of the sites and equipment.

Chairman and Chief Executive Officer's Report continued

We believe that *Jatropha curcas* is one of the most significant new oilseed crops for biodiesel and that the fundamentals of the market favour the alternative feedstock approach which differentiates us from the rest of the sector.

Management

Ben Good, as Finance and Commercial Director, and Dr Henk Joos, as Plant Science and Agronomy Director, joined the Board in May 2008. Ben Good was appointed Chief Executive Officer in December 2008. Brian Myerson joined the Board as a Non-Executive Director in July 2008 and became Chairman in December 2008.

Christopher Tawney, Group Finance Director, left the Company and the Board in May 2008, and Elliott Mannis, Chief Executive Officer, left the Company and the Board in December 2008. Karl Watkin, founder and former Chairman, left the Board in March 2008. Lord Oxburgh, Non-Executive Chairman, and Non-Executive Directors Dr Clive Morton and Professor Christopher Leaver, all stepped down from the Board in December 2008. We thank them all for their contributions to the business.

2008 was a challenging year for D1, and the present year is proving its equal given the external economic climate. On behalf of the Board we would like to thank all of our staff for their continuing hard work and commitment, not only to the business but also to our vision for Jatropha.

Outlook

We are determined that we will weather the current economic climate by concentrating our efforts on activities that will deliver value for shareholders, both in the short term by generating revenue through sales of products and services to the Jatropha industry, and in the longer term by ensuring that our planting interests deliver an annuity to the business in terms of crude vegetable oil and high value co-product in the form of animal feed.

We believe that longer-term political and macroeconomic trends will support this strategy. Policy momentum to reduce emissions from transport and enhance energy security remains very strong in both the developed and developing economies and will continue to encourage biodiesel demand. Meanwhile, rising consumption of food oils and limits on oilseed production are likely to further increase demand and constrain supply. New crops like Jatropha, that can use a wide range of land types, will make it possible to meet demand for both fuel and food without threatening forests and other regions of environmental importance, particularly in developing countries. As a result, D1 sees continuing recognition of the potential of Jatropha as an alternative, low-cost, sustainable feedstock that can enable developing world farmers to cultivate otherwise unproductive land.

We believe that *Jatropha curcas* is one of the most significant new oilseed crops for biodiesel and that the fundamentals of the market favour the alternative feedstock approach which differentiates us from the rest of the sector. We believe that our established lead in the plant science of Jatropha and our experience of planting give us a significant competitive advantage over other Jatropha businesses. We aim to leverage that advantage to generate revenues and deliver value.

In order to achieve our longer-term goals, additional fundraising will be required in late 2010. Our planting interests are now generating modest quantities of revenue, and we need to do more to demonstrate further the commercial viability of Jatropha in order to attract investors on acceptable terms in a year to 18 months' time, when there may also be a more favourable macroeconomic climate.

We intend to do so through a range of activities: by increasing volumes of oil and seedcake delivered to market; by accumulating further experience in farming the crop in key regions; by producing the next generation of Jatropha planting seeds; by creating a pool of third parties ready to access our Jatropha technology and services; and by delivering a commercial co-extraction technology to produce both crude Jatropha oil and high-protein meal for animal feed. The lessons we have learned over the past two years, and our pre-eminent Jatropha knowledge base, puts us in an excellent position to do this by 2011. We are confident that, in due course, our success in these activities will deliver value to shareholders and convince investors of the value of the business.

Brian Myerson
Chairman

Ben Good
Chief Executive Officer and Finance Director

Finance review

The financial results for the year ended 31 December 2008 reflect the challenging market conditions, particularly for downstream refining and trading activities, and the continuing development of the upstream plant science and planting business. References to Group results include both continuing and discontinued operations for the period unless otherwise stated.

Total Group revenue of £7.1m (2007: £10.6m) in the year ended 31 December 2008 arose from plant science services supplied to the Joint Venture and the sale of biodiesel from refining and trading operations.

The loss on ordinary activities after taxation was £33.6m (2007: £46.1m) and the loss per ordinary share was 30.84p (2007: 74.85p).

Interest received of £0.9m (2007: £1.6m) relates to cash deposits held during the year.

Group revenue from continuing operations was £4.2m (2007: £nil) and arose primarily from invoicing the Joint Venture for services and products supplied by D1 Oils Plant Science (DOPSL). Cost of sales and administrative expenses of £11.8m (2007: £10.8m) reflect the ongoing development of the business, particularly in plant science and agronomy. The loss on continuing operations before tax was £21.8m (2007: £13.6m) and the loss per ordinary share was 20.2p (2007: 22.08p).

Group revenue from discontinued operations was £2.9m (2007: £10.6m) and arose primarily from sales of biodiesel. Administrative expenses were £9.2m (2007: £20.1m). Asset impairments for 2008 totalled £5.6m (2007: £22.8m). The loss on discontinued operations before tax was £12.0m (2007: £32.5m).

The loss on the operations of D1-BP Fuel Crops was £8.7m (2007: £1.5m). Further, the Board of D1 took the decision to impair the Group's investment in the Joint Venture by £6.7m to £nil to reflect the current valuation of future cash flows from D1-BP Fuel Crops in light of the uncertainty surrounding the Joint Venture fundraising exercise. Notwithstanding the impairment, the Group is in discussions with its partner, BP, to enable the Group to realise value from the planting business as described in the Chairman's and Chief Executive Officer's Report.

On 9 April 2008, the Company announced a placing of ordinary shares at 25 pence per share to realise £14.9m, net of expenses. Gross cash in hand (defined as cash held in bank accounts and on deposit) as at 31 December 2008 was £20.1m (2007: £14.3m). Net cash (defined as gross cash less mortgage and cash held as collateral) as at 31 December 2008 amounted to £17.4m (2007: £7.8m). The differences between gross and net cash relate to the mortgage on the Middlesbrough site of £0.7m (2007: £0.8m) and cash held as collateral with Allied Irish Bank in respect of finance leases for the D120 modular refineries of £2.0m (2007: £2.3m). As a result of the Board's decision to stop trading activities, as at June 2009 we no longer hold any letter of credit facilities or guarantees to third parties and any related cash collateral other than in respect of the finance lease has now been released.

In March 2009 D1 was awarded £4.2m in damages and costs following arbitration in a dispute with a US company. This award was in London and recovery steps are now being undertaken in the US. The results of this recovery may not be clear for several months. This item is therefore shown as a contingent asset in the 31 December 2008 financial statements.

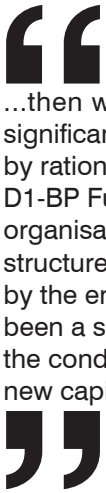
As announced in our trading update of 4 February 2009, D1 and BP reached a full and final settlement of the matter of the planting shortfall, including a payment by D1 to BP of £5.0m, £3.0m of which was provided for in the year ended 31 December 2007.

In view of the difficulties in realising value from the refinery sites and associated assets at Bromborough and Middlesbrough, we have taken the decision to reduce the holding value of these assets by £3.9m since their classification as assets held for sale.

Financial outlook

The gross cash position of the Company as at 31 May 2009 was £11.3m, and net cash (after cash held as collateral and the Middlesbrough site mortgage) was £8.7m. These figures exclude cash in D1-BP Fuel Crops, which amounted to £7.1m at the same date. Substantially all of both these cash sums will be applied to the business plan going forward, together with the proceeds from the site sales and the arbitration award, the timings of which are uncertain. 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 2009 or 2010. However, as discussed in the Chairman and Chief Executive Officer's Report, we intend to reduce significantly the rate of expenditure by rationalising and merging the D1-BP Fuel Crops and DOPSL organisations and associated office structures, as well as limiting our investment in the operating countries. Although there are uncertainties associated with both the revenues and cost reductions in this plan, the Board has considered these risks and projects that the Group will remain in a positive cash position until at least the end of 2010.

Developing the business beyond the end of 2010 will require a capital injection, which constitutes a material uncertainty. If the fundraising is not successful then there would be significant doubt about the Group's capability, in its current form, to continue as a going concern. However, there are lessons to be learned from the fundraising for D1-BP Fuel Crops attempted during the first half of 2009. This was unsuccessful, in broad terms, for three reasons: the generally unfavourable macroeconomic conditions; the financial profile of the plan (including length of time and amount of investment required before positive cash flows); and the perception of risk associated with as yet undemonstrated aspects of the business model. In relation to these three reasons, subject to the progress reflected in the plans to demonstrate key aspects of our technology and operating model, the Board considers that, by the end of 2010, there will have been a significant improvement in the conditions necessary to attract new capital into the business.



...then we intend to reduce significantly the rate of expenditure by rationalising and merging the D1-BP Fuel Crops and DOPSL organisations and associated office structures...the Board considers that, by the end of 2010, there will have been a significant improvement in the conditions necessary to attract new capital into the business.

Ben Good
Chief Executive Officer and Finance Director

Directors and advisors

Brian Myerson
Chairman, 50
Brian Myerson is Executive Chairman of Principle Capital Group, whose managed funds are significant shareholders in D1. Brian co-founded Principle Capital in November 2004 and has been a director of several listed UK companies, including Greycoat plc (1994 to 1996) and Marylebone Warwick Balfour Group Plc (2002 to 2005), where he was Chairman. He was also a Non-Executive Director of Sage Group, a South African listed life assurance and financial services business, from 2003 to 2004.

Ben Good
Chief Executive Officer and Finance Director, 45
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
Plant Science and Agronomy Director, 50
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 and 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.

Barclay Forrest OBE, FRAgS
Non-Executive Director, 66
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 Chairman of Helius Energy plc.

Moira Black CBE
Non-Executive Director, 59
Moira Black has had an active and distinguished career in accountancy and public services. She is currently a Non-Executive Director of Defence Equipment & Support (DE&S), the procurement and support organisation within the UK Ministry of Defence. She is also Chairman of the DE&S Audit Committee, an independent Director of The Payments Council and a Non-Executive Director of Trust Analytics Limited. Moira qualified as a chartered accountant with Price Waterhouse.

Company Secretary
Pinsent Masons
Registered office
1 Park Row
Leeds LS1 5AB

Registered number
5212852

Broker and nominated advisor
Piper Jaffray Ltd
One South Place
London EC2M 2RB

Bankers
Barclays Bank plc
PO Box 378
71 Grey Street
Newcastle upon Tyne NE99 1JP

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

Solicitors
Pinsent Masons
CityPoint
One Ropemaker Street
London EC2Y 9AH

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 2008.

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 farming of *Jatropha curcas*, 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. During the first half of 2008 the Group also engaged in the refining and trading of biodiesel for road transport fuel.

Review of business

2008 was a period of significant change and development for the Group. We restructured the business to concentrate exclusively on upstream plant science and planting, and withdrew from downstream refining and trading activities. At 31 December 2008 the Group comprised a wholly-owned plant science business, D1 Oils Plant Science Limited (DOPSL) and a 50 per cent stake in a joint venture with BP International Limited (BP) for the planting and harvesting of *Jatropha curcas*, D1-BP Fuel Crops Limited. The business has undergone further restructuring in 2009 and we expect that henceforth it will comprise a merged plant science and planting business. Further details are included in the report of the Chairman and the Chief Executive Officer and the Finance Review.

Principal risks and uncertainties

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

Commercial risk

The Group will continue to have a cash requirement until it becomes cash generating. Following the outcome of the fundraising activity to market a share of the Joint Venture to third parties, the Group is restructuring its activities to concentrate on planting operations that are likely to be revenue generating and to market its technology and services to third parties. The Group anticipates that this activity will position the business more attractively for investors when economic conditions improve. However, there is a risk that future funding, forecast to be required in late 2010, will not materialise.

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

Plant science – *Jatropha curcas* is becoming more widely recognised globally as a potential feedstock for biodiesel production. As demand for biodiesel grows we can expect more entrants into the business of Jatropha plant science. While we seek to build collaborative relationships with potential partners across the industry, it is likely that some new entrants will become competitors. However, given the 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 biodiesel industry is leading to an increase in Jatropha planting operations worldwide. Our planting joint venture with BP, D1-BP Fuel Crops, was established in October 2007 and significantly progressed its operations to become an established market leader in the planting of Jatropha and developed its expelling and transport logistics to bring Jatropha vegetable oil to market.

Jatropha planting in which D1-BP Fuel Crops has an interest comprises the following:

- managed plantations: those farms where land and labour is controlled by D1-BP Fuel Crops, either through its subsidiaries or joint venture partners.
- contract farming: the farmer plants his own trees on his own land. D1-BP Fuel Crops and its partners 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.
- seed and oil supply agreements: arm's length supply contracts with third parties whereby D1-BP Fuel Crops, either directly or through joint venture partners, has offtake arrangements in place over future output from Jatropha plantations which the third party is developing. D1-BP Fuel Crops has limited involvement in this planting and relies on third parties to measure and manage the crop effectively.

The rights to most planting are shared with third parties, such as joint venture partners, with whom D1 and D1-BP Fuel Crops have worked to achieve rights to planting of Jatropha. As such, offtake from these areas of planting may well be shared with third parties.

Principal risks and uncertainties continued

In addition to the biological risks noted above, planting operations, and in particular contract farming and oil and seed supply arrangements over which D1 and D1-BP Fuel Crops have less control, are subject to a range of commercial and contractual risks. 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.

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

Contractual risk

There are inherent uncertainties and 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 to encourage the use of greener road transport fuel. However, these mandates continue to be opposed by environmental pressure groups concerned about the sustainability of biofuels. Although Jatropha offers one of the most promising sustainable sources for biodiesel, the mandates that encourage the adoption of biodiesel in national markets may be subject to policy change.

Financial instrument risk

The Group's results from its operations overseas could be adversely affected by currency fluctuations and dividend and exchange controls. The Group looks to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a country level. This is achieved by negotiating contracts in our regions of operation using local currencies and regulations. Working capital facilities are negotiated locally.

Research and development

Plant science – the Group has an active research and development programme focused on the breeding of planting seed to deliver high-yielding varieties of Jatropha with a good oil profile for the production of biodiesel. DOPSL has significantly developed the Group's global breeding programme in support of D1-BP Fuel Crops, establishing a central facility in Cape Verde and eight development centres in Africa, India and South East Asia. DOPSL is currently evaluating new selections of Jatropha material in global Product Placement trials to identify selected cultivars best adapted to local growing conditions. DOPSL also has Agronomy Research trials underway in Africa, India and South East Asia to evaluate requirements for nutrient inputs, pruning regimes and other cultivation practices.

Process technologies – D1 has developed and is patenting a process that expels crude vegetable oil from Jatropha seeds and at the same time purifies the seedcake (meal) left after oil extraction to produce high protein animal feed. Having proved technical feasibility in phase one of the programme, we have applied for a UK patent for the process and are now scaling up the process to produce sufficient quantities of purified seedcake for animal feed trials during 2009.

During 2008 the Group ceased all research and development activity in support of its D120 and D130 biodiesel production units and the pre-processing units and associated technologies for free fatty acid reduction and degumming. The Group is seeking to realise value from the existing production units and prototypes through sale to third parties.

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, is ultimately responsible for SHE performance in D1. Henk Joos, 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 2008 we continued our programme, launched in 2007, to raise awareness of behavioural safety throughout the Company. 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.

During 2008 the emphasis of our SHE policy shifted from our refining and trading operations in the UK, which were closed and decommissioned, to our expanding plant science and planting operations overseas.

Safety, health and environment (SHE) continued
UK operations – the decommissioning of the two biodiesel refining sites at Middlesbrough and Bromborough was completed with zero reportable incidents. Ongoing maintenance and dismantling work is undertaken following a relevant SHE assessment, and we continue to monitor rigorously site safety and security prior to sale. SHE monitoring for the UK now covers the following: the decommissioned sites, until such time as they are disposed of; our plant science laboratory facilities at the University of York; and our London office. Building on our record to date of zero reportable injuries throughout UK operations, there were no reportable injuries or breaches of environmental consents in the UK in 2008.

Overseas operations – during 2008 we extended implementation of SHE policy to our plant science operations worldwide. This was a major challenge given the different operating cultures in which we work. By year end we had succeeded in establishing the following: 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. Training on dealing with risks conducted outside the UK included a SHE management workshop for senior staff in India and training on snake awareness in Africa.

A total of 5 major incidents leading to lost time were recorded in overseas operations during 2008, including injuries resulting from motorcycle traffic accidents (3 incidents), infectious disease (1 incident) and back injury (1 incident). Reportable incidents reduced from Q2 onwards as the training regime took effect and we had no reportable incidents overseas in Q4.

In 2009 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.

During 2008 we continued the major programme to understand the potential for Jatropha oil and its derivatives to affect human health and to ensure that Jatropha products comply with European REACH (Regulation Evaluation and Authorisation of Chemicals) regulations. Pre-registration under REACH was completed during the year for Jatropha oil, biodiesel and co-products. We will be working in 2009 towards full registration in 2010.

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 in 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 Sustainable Oil Supply Programme (SOSP) is designed to establish policies and guidelines to enable plantation partners to operate 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 9 of this report. Ben Richard Good and Henk Jean Pierre Joos joined the Board in May 2008 as Executive Directors. Ben Good was appointed Chief Executive Officer in December 2008. Brian Alan Myerson joined the Board on 17 July 2008 and was appointed Chairman on 22 December 2008. Christopher Tawney and Elliott Michael Mannis stepped down from the Board as Executive Directors on 21 May 2008 and 22 December 2008 respectively. Karl Eric Watkin resigned as a Non-Executive Director on 10 March 2008. Lord Oxburgh of Liverpool stepped down as Chairman on 22 December 2008. Clive Neil Morton and Christopher Leaver, both Non-Executive Directors, also stepped down from the Board on that date.

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 Moira Black (Chairman) and Barclay Forrest. Clive Morton held the position of Chairman of this committee until July 2008, when he was replaced by Moira Black. Clive Morton stepped down from the committee when he left the Board in December 2008. The Remuneration Committee comprises Barclay Forrest (Chairman), Moira Black and Brian Myerson. Moira Black and Brian Myerson joined the committee in December 2008 replacing Lord Oxburgh and Clive Morton, who both stepped down when they left the Board at that time. The Nominations Committee comprises Brian Myerson (Chairman), Barclay Forrest and Moira Black. Brian Myerson replaced Lord Oxburgh as Chairman of the committee when the latter stepped down from the Board. Moira Black joined the committee in December 2008 when Clive Morton stepped down from the committee on leaving the Board.

Corporate governance continued

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 31 December 2008:

	Number of shares	%
Principle Capital	34,906,189	27.57
Gartmore Investment Management	18,031,765	14.24
BlackRock Investment Management (UK)	16,957,004	13.39
Lansdowne Partners LP	12,250,474	9.67
Majedie Asset Management	4,047,700	3.20
Jupiter Asset Management	3,900,430	3.08
	90,093,562	71.15

Policy on financial instruments

The Group's financial instruments comprise a mortgage, cash, finance leases, 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. Following the cessation of the Group's refining and trading activities, the Group has not engaged in hedging to limit its exposure to fluctuating foreign currency rates or commodity prices. The Board does not consider that the scope of current plant science activities poses sufficient risk to foreign currency or commodity price exposure to require hedging.

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 2008 were 21 days calculated in accordance with the requirements set down in the Companies Act 1985.

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.

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 their 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.

As discussed in the Chairman and Chief Executive Officer's Report, the business is currently undertaking a period of substantial restructuring. This restructuring aims to deliver the revised strategy of the Group at considerably reduced costs and to achieve a successful new fundraising before the end of 2010.

The revised strategy of the Group includes the Group obtaining full control of the joint venture established with BP in 2007, D1-BP Fuel Crops, for which negotiations are ongoing.

On this basis, the Directors have prepared cash flow forecasts covering the period from 2009 to 2013 which show the restructured Group to be adequately funded to the end of 2010. The key assumptions underlying these forecasts include completing the acquisition of D1-BP Fuel Crops in accordance with the terms being discussed, successfully restructuring the existing operations to significantly reduce the current rate of cash outflow, achieving the restructuring within budgeted costs and generating cash inflow from the sale of certain assets and plant science services. The cashflow forecasts approved by the Board of Directors show that there is the cash headroom available to absorb a substantial risk of underperformance against expectations in relation to these issues.

Going concern continued

By the end of 2010, the Directors expect to have successfully raised new funding to develop the business further. In order to achieve this objective, the business needs to ensure that it has made sufficient progress in demonstrating Jatropha as a new energy crop, and thereafter it is able to achieve profitability and be cash generative over the longer term.

The Directors have concluded that this fundraising represents a material uncertainty; if it is unsuccessful then there could be significant doubt about the Group and Company's ability to continue as a going concern in its current form.

Nevertheless, after making enquiries and considering these uncertainties, 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 new funds can be raised, 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.

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
22 June 2009

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 (IFRS) 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 IFRS 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 IFRS, 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 Acts 1985 or 2006 (as applicable) 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 10 to 14, 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 Group and parent Company financial statements (the "financial statements") of D1 Oils plc for the year ended 31 December 2008 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Recognised Income and Expenses and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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

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

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman and Chief Executive Officer's Report, the Finance Review and the Corporate Social Responsibility statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent Company's affairs as at 31 December 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group and Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis, the validity of which depends upon the Group achieving a number of uncertain outcomes. These uncertainties, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Ernst & Young LLP
Registered auditor
Newcastle upon Tyne
22 June 2009

Consolidated income statement

for the year ended 31 December 2008

	Note	**Year ended 31 December 2008 £000**	Year ended 31 December 2007 £000
Group revenue	3, 4	**4,168.9**	10.1
Cost of sales		**(3,023.5)**	(579.4)
Gross profit		**1,145.4**	(569.3)
Administrative expenses	4	**(8,730.2)**	(10,231.3)
Trading loss		**(7,584.8)**	(10,800.6)
Share of post tax losses of joint ventures accounted for using the equity method	12	**(8,675.0)**	(1,516.5)
Impairment of investments	12	**(6,660.5)**	—
Exceptional item – net deficit on transfer of operation to joint venture		**—**	(2,764.3)
Group operating loss from continuing operations		**(22,920.3)**	(15,081.4)
Finance income	4, 7	**1,205.0**	1,572.5
Finance costs		**(57.0)**	(63.9)
Loss from continuing operations before taxation		**(21,772.3)**	(13,572.8)
Tax expense	8	**(20.9)**	(36.7)
Loss for the period from continuing operations		**(21,793.2)**	(13,609.5)
Discontinued operations			
Loss for the year from discontinued operations	14	**(11,773.5)**	(32,526.7)
Total loss for the year		**(33,566.7)**	(46,136.2)
Loss for the period attributable to equity holders of the parent		**(33,566.7)**	(46,136.2)
Loss per ordinary share			
Basic and diluted earnings/(loss) per ordinary share (pence)	9	**(30.84)**	(74.85)
Basic and diluted earnings/(loss) per ordinary share from continuing operations (pence)	9	**(20.02)**	(22.08)

No profit and loss account is presented by the Company as permitted by Section 230 of the Companies Act 1985. The Company's loss for the year was £23,898,500 (2007: £2,774,400).

Consolidated statement of recognised income and expense

for the year ended 31 December 2008

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Income and expense recognised directly in equity		
Losses on cash flow hedges taken to equity	**—**	(1,100.6)
Exchange difference on retranslation of foreign operations	**—**	(90.1)
Net income recognised directly in equity	**—**	(1,190.7)
Transfers to the income statement		
Losses on cash flow hedges taken to cost	**—**	1,100.6
Transfer of foreign exchange reserves to income statement	**(710.9)**	—
Net transfers to the income statement	**(710.9)**	1,100.6
Loss for the year	**(33,566.7)**	(46,136.2)
Total recognised income and expense for the year	**(34,277.6)**	(46,226.3)
Attributable to:		
Equity holders of the parent	**(34,277.6)**	(46,226.3)

Consolidated balance sheet

as at 31 December 2008

	Note	As at 31 December 2008 £000	As at 31 December 2007 £000
Assets			
Non-current assets			
Property, plant and equipment	10	**502.3**	6,984.3
Intangible assets	11	**6.6**	41.3
Investments accounted for using the equity method	12	**—**	15,180.5
		508.9	22,206.1
Current assets			
Inventories	15	**20.3**	2,220.3
Trade and other receivables	16	**815.0**	4,118.7
Other financial assets	17	**5,072.4**	11,021.6
Cash and short-term deposits	18	**15,055.9**	3,596.6
		20,963.6	20,957.2
Assets held for resale	13	**3,141.8**	100.0
Total assets		**24,614.3**	43,263.3
Equities and liabilities			
Current liabilities			
Trade and other payables	19	**(1,096.4)**	(2,367.4)
Interest-bearing loans and borrowings	20	**(3,286.8)**	(492.9)
Accruals and deferred income		**(1,183.5)**	(1,678.9)
Other financial liabilities	22	**—**	(1,135.3)
Provisions	23	**(5,801.0)**	(3,000.0)
		(11,367.7)	(8,674.5)
Non-current liabilities			
Interest-bearing loans and borrowings	20	**—**	(3,307.2)
		—	(3,307.2)
Total liabilities		**(11,367.7)**	(11,981.7)
Net assets		**13,246.6**	31,281.6
Capital and reserves			
Equity share capital	25, 26	**1,266.3**	622.4
Share premium	26	**99,290.3**	85,051.4
Own shares held	26	**(484.0)**	(484.0)
Other reserves	26	**437.7**	437.7
Revenue reserves	26	**(100,079.9)**	(66,451.2)
Share option reserve	26	**12,787.0**	12,787.0
Currency translation reserve	26	**29.2**	(681.7)
Equity shareholders' funds		**13,246.6**	31,281.6

These financial statements were approved by the Board of Directors on 22 June 2009.

Ben Good
Chief Executive Officer and Finance Director

Consolidated cash flow statement

for the year ended 31 December 2008

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Operating activities		
Loss for the year	**(33,566.7)**	(46,136.2)
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	**135.0**	863.8
Impairment of fixed assets	**5,562.2**	22,778.9
Impairment of goodwill	**—**	64.1
Impairment of investments	**6,660.5**	60.0
Share-based payments	**649.0**	1,857.0
Profit on disposal of investments	**—**	(7.0)
Exceptional item	**—**	2,764.3
Cash items within exceptional item	**—**	(2,393.9)
Share of post tax losses of joint ventures accounted for using the equity method	**8,675.0**	1,516.5
Finance income	**(1,205.0)**	(1,286.9)
Finance expense	**244.4**	306.8
Income tax expense	**(226.5)**	36.7
Tax paid	**(24.0)**	—
Decrease/(increase) in inventories	**2,029.9**	803.3
Decrease/(increase) in trade and other receivables	**3,554.1**	(1,992.7)
Decrease/(increase) in other financial assets	**1,746.2**	(56.3)
Increase/(decrease) in trade and other payables	**(1,766.4)**	1,510.9
Increase/(decrease) in other financial liabilities	**(1,135.3)**	1,135.3
Increase/(decrease) in provisions	**2,801.0**	(3,000.0)
Net cash flow from operating activities	**(5,863.6)**	(21,175.4)
Investing activities		
Interest received	**1,075.2**	1,286.9
Payments to acquire property, plant and equipment, and intangible assets	**(2,033.3)**	(16,585.1)
Funds transferred to deposits	**4,096.0**	(8,362.4)
Purchase of joint venture investments	**—**	(903.5)
Purchase of trade investments	**—**	(60.0)
Sale of trade investments	**—**	25.2
Net cash flow from investing activities	**3,137.9**	(24,598.9)

Consolidated cash flow statement continued

for the year ended 31 December 2008

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Financing activities		
Interest paid	**(244.4)**	(306.8)
Proceeds of share issue (net of expenses)	**14,882.8**	—
Exercise of share options	**—**	1,008.2
Bonus shares	**—**	136.5
New borrowings	**—**	36.4
Settlement of non-current liabilities	**—**	(12.8)
Repayment of mortgage	**(60.0)**	(60.0)
Repayment of capital element of finance leases	**(453.3)**	(361.3)
Net cash flow from financing activities	**14,125.1**	440.2
Net (decrease)/increase in cash and cash equivalents	**11,399.4**	(45,334.1)
Cash and cash equivalents at the start of the year	**3,596.6**	49,024.4
Effects of exchange rates on cash at the start of the year	**59.9**	(93.7)
Cash and cash equivalents at the end of the year	**15,055.9**	3,596.6

Cash and cash equivalents comprises the following:

	Note	**Year ended 31 December 2008 £000**	Year ended 31 December 2007 £000
Cash at bank and in hand	18	**2,894.1**	3,206.3
Short-term deposits	18	**12,161.8**	390.3
		15,055.9	3,596.6

In addition to cash and cash equivalents, the Group also held £5.1m in restricted cash and long-term deposits at 31 December 2008 (see note 17).

Company statement of recognised income and expense

for the year ended 31 December 2008

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Loss for this period	**(23,898.5)**	(72,266.7)
Total recognised income and expense for the period	**(23,898.5)**	(72,266.7)
Attributable to:		
Equity holders of the parent	**(23,898.5)**	(72,266.7)

Company balance sheet

as at 31 December 2008

	Note	As at 31 December 2008 £000	As at 31 December 2007 £000
Assets			
Non-current assets			
Property, plant and equipment	10	**20.2**	—
Investments accounted for using the equity method	12	**—**	12,787.0
Other investments	12	**125.1**	125.0
		145.3	12,912.0
Current assets			
Trade and other receivables	16	**601.3**	457.7
Other financial assets	17	**3,082.5**	8,704.3
Cash and short-term deposits	18	**12,730.7**	3,025.8
		16,414.5	12,187.8
Total assets		**16,559.8**	25,099.8
Equity and liabilities			
Current liabilities			
Trade and other payables	19	**(361.0)**	(377.0)
Accruals and deferred income		**(417.8)**	(541.5)
Financial liabilities	22	**—**	(33.6)
Total liabilities		**(778.8)**	(952.1)
Net assets		**15,781.0**	24,147.7
Capital and reserves			
Equity share capital	25, 26	**1,266.3**	622.4
Share premium	26	**99,290.3**	85,051.4
Own shares held	26	**(484.0)**	(484.0)
Revenue reserves	26	**(97,078.6)**	(73,829.1)
Share option reserve	26	**12,787.0**	12,787.0
Equity shareholders' funds		**15,781.0**	24,147.7

These financial statements were approved by the Board of Directors on 22 June 2009.

Ben Good
Chief Executive Officer and Finance Director

Company cash flow statement

for the year ended 31 December 2008

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Operating activities		
Loss for the year	**(23,898.5)**	(72,266.7)
Adjustments to reconcile loss for the year before tax to net cash flow from operating activities:		
Depreciation of property, plant and equipment	**3.6**	—
Share-based payments	**649.0**	1,857.0
Profit on disposal of investments	**—**	(7.0)
Impairments of amounts owed by Group undertakings	**—**	—
Impairment of investments	**12,786.9**	70,890.1
Finance income	**770.1**	(1,451.5)
Increase in trade and other receivables	**(143.6)**	(38,529.3)
(Decrease)/increase in trade and other payments	**(173.3)**	(295.1)
Net cash flow from operating activities	**(10,005.8)**	(39,802.5)
Investing activities		
Interest received	**755.7**	1,451.5
Payments to acquire property, plant and equipment	**(23.8)**	(8,362.4)
Funds transferred to deposits	**4,096.0**	—
Sale of trade investments	**—**	25.2
Net cash flow from investing activities	**4,827.9**	(6,885.7)
Financing activities		
Proceeds of share issue	**14,882.8**	—
Exercise of share options	**—**	1,008.2
Bonus scheme	**—**	136.5
Net cash flow from financing activities	**14,882.8**	1,144.7
Net (decrease)/increase in cash and cash equivalents	**9,704.9**	(45,543.5)
Cash and cash equivalents at the start of the year	**3,025.8**	48,569.3
Cash and cash equivalents at the end of the year	**12,730.7**	3,025.8

Cash and cash equivalents comprises the following:

	Note	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Cash at bank and in hand	18	**568.9**	2,635.5
Short-term deposits	18	**12,161.8**	390.3
		12,730.7	3,025.8

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 their 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.

As discussed in the Report of the Chairman and the Chief Executive Officer, the business is currently undertaking a period of substantial restructuring. This restructuring aims to deliver the revised strategy of the Group at considerably reduced costs and to achieve a successful new fundraising before the end of 2010.

The revised strategy of the Group includes the Group obtaining full control of the joint venture established with BP in 2007, D1-BP Fuel Crops, for which negotiations are ongoing.

On this basis, the Directors have prepared cash flow forecasts covering the period from 2009 to 2013 which show the restructured Group to be adequately funded to the end of 2010. The key assumptions underlying these forecasts include completing the acquisition of D1-BP Fuel Crops in accordance with the terms being discussed, successfully restructuring the existing operations to significantly reduce the current rate of cash outflow, achieving the restructuring within budgeted costs and generating cash inflow from the sale of certain assets and plant science services. The cashflow forecasts approved by the Board of Directors show that there is the cash headroom available to absorb a substantial risk of underperformance against expectations in relation to these issues.

By the end of 2010, the Directors expect to have successfully raised new funding to develop the business further. In order to achieve this objective, the business needs to ensure that it has made sufficient progress in demonstrating Jatropha as a new energy crop, and thereafter it is able to achieve profitability and be cash generative over the longer term.

The Directors have concluded that the fundraising represents a material uncertainty; if it is unsuccessful then there could be significant doubt about the Group and Company's ability to continue as a going concern in its current form.

Nevertheless, after making enquiries and considering these uncertainties, 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 new funds can be raised, 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 2008 were authorised by the Board of Directors on 22 June 2009 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 2008 and applied in accordance with the Companies Act 1985.

The Group's date of transition to IFRS reporting was 1 January 2006, having previously reported under UK GAAP.

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

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 judgements relating to the probability of meeting non-market performing performance conditions and the continuing participation of employees.

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.

2. Summary of significant accounting policies continued

Basis of consolidation continued

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. Minority 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 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 minority is under an obligation to make good any loss.

Interests in joint ventures

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.

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.

2. Summary of significant accounting policies continued

Assets carried at amortised cost continued

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.

Product placement and agronomy 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 off over a period of twelve months.

The Sustainable Oil Supply Programme (SOSP) collects and analyses data from commercial Jatropha plantations and model farms with the aim of optimising the grain and oil yield. The costs of collation, creation and analysis of the database are treated as research expenditure and are charged to the income statement as they are incurred. Any subsequent expenditure incurred in producing instruction manuals, training programmes and other materials intended to assist planting partners improve performance is treated as development expenditure and is charged to the income statement as incurred.

The feed programme investigates alternative uses for and the removal of anti-nutritional substances from the meal (seedcake) 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.

Various technologies for expelling oil from the harvested grains are being evaluated. The costs associated with the design, construction and testing of pilot plants are capitalised as tangible assets and charged against income over the expected useful economic life of the plant. Costs incurred prior to the construction of pre-production prototypes are charged against income 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.

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 such as amounts held by Allied Irish Bank 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

2. Summary of significant accounting policies continued

Property, plant and equipment continued

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 leases are depreciated over the shorter of the lease term and its useful economic life.

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

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement, except when hedge accounting is applied and for differences on monetary assets that form part of the Group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

The assets and liabilities of foreign operations and jointly controlled entities, including the related goodwill, are translated into Sterling at the rate of exchange ruling at the balance sheet date. Income, expenses and cash flows are translated at weighted average exchange rates for the year. The resulting exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

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.

Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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.

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.

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced values and recoverable amounts. 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.

2. Summary of significant accounting policies continued

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.

Derivative financial instruments and hedging

The Group uses derivative financial instruments to hedge its risks associated with fluctuations in the price of Ultra Low Sulphur Diesel (ULSD), which are used in the invoice price of certain sales. From 1 January 2006, such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

For the purpose of hedge accounting, hedges are classified as cashflow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Cashflow hedges

For cashflow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above.

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.

2. Summary of significant accounting policies continued

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.

Borrowing costs

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)

IAS 1 Amendment to IAS 1 – Presentation of Financial Statements (revised September 2007) 1 January 2009

IAS 23 Amendment to IAS 23 – Borrowing Costs 1 January 2009

IAS 27 Consolidated and Separate Financial Statements (revised January 2008) 1 July 2009

IFRS 1 Cost of an Investment in a Subsidiary, Jointly Controlled Entity of Associate 1 January 2009

IFRS 2 Amendment to IFRS 2 – Vesting Conditions and Cancellations 1 January 2009

IFRS 3 Business Combinations (revised January 2008) 1 July 2009

IFRS 7 Amendment to IFRS 7 – Improving Disclosures about Financial Instruments 1 January 2009

IFRS 8 Operating Segments 1 January 2009

Annual improvements to IFRS (issued April 2009) 1 July 2009 or 1 January 2010

International Financial Reporting Interpretations Committee (IFRIC)

IFRIC 12 Service Concession Arrangements 1 January 2009

The Directors are currently reviewing the amendments to IFRS 1, IFRS 2, IAS 23 and annual improvements to IFRS (issued April 2009) to determine whether there will be a material impact on the Group's financial statements.

IFRS 8 requires disclosure based on information presented to the Board. This is not expected to differ from the disclosures currently provided.

Apart from this, 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's primary reporting format is business segments as the Group's risks and returns are affected predominantly by differences in the products and services provided. Secondary segmental information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided with each segment representing a strategic business unit that offers different products and serves different markets.

The plant science segment breeds seedlings for commercial planting and undertakes research and development activities focused on *Jatropha curcas*.

The refining and trading segment is concerned with the procurement and refining of vegetable oil and other feedstocks and the sale of biodiesel. The Group ceased refining and trading activities during the year.

The agronomy segment is responsible for the commercial planting of Jatropha and was transferred to the joint venture created with BP with effect from 1 October 2007.

D1-BP Fuel Crops is the joint venture established with BP on 1 October 2007 and, with effect from that date, is responsible for all commercial planting activities.

The corporate segment includes the activities of the Company and other central unallocated overheads. The corporate segment is responsible for raising finance and financing subsidiary operations. Included in the operating loss for this segment are the operating costs of D1 Oils plc as well as central unallocated finance, business development, and corporate communications costs. The only item of income included is interest accruing on cash balances and short-term deposits. Assets held in the corporate segment are primarily cash and short-term deposits and interest accruing thereon.

The following table presents revenue and loss information and certain asset and liability information regarding the Group's business segments for the years ended 31 December 2008 and 31 December 2007.

Year ended 31 December 2008	UK £000	Europe £000	Africa £000	Asia £000	India £000	JVs £000	Elimination £000	Group £000
Revenue to external customers								
Plant science	4,168.4	1,267.3	470.1	—	1,971.8	—	(3,708.7)	4,168.9
Refining and trading (discontinued operation)	2,904.4	—	—	—	—	—	—	2,904.4
Total	**7,072.8**	**1,267.3**	**470.1**	**—**	**1,971.8**	**—**	**(3,708.7)**	**7,073.3**
Operating loss								
Plant science	2,194.7	(1,185.1)	(185.4)	(572.5)	(414.7)	—	—	(163.0)
Agronomy	—	—	—	—	—	(2,000.0)	—	(2,000.0)
D1-BP Fuel Crops	—	—	—	—	—	(15,335.5)	—	(15,335.5)
Refining and trading (discontinued operation)	(11,833.5)	—	—	—	—	—	—	(11,833.5)
	(9,638.8)	(1,185.1)	(185.4)	(572.5)	(414.7)	(17,335.5)	—	(29,332.0)
Corporate	(5,421.8)	—	—	—	—	—	—	(5,421.8)
Total	**(15,060.6)**	**(1,185.1)**	**(185.4)**	**(572.5)**	**(414.7)**	**(17,335.5)**	**—**	**(34,753.8)**
Assets by business segment								
Plant science	6,045.5	467.0	1,752.8	216.1	298.4	—	(7,194.1)	1,585.7
D1-BP Fuel Crops	—	—	—	—	—	—	—	—
Refining and trading (discontinued operation)	3,338.1	—	—	—	—	—	—	3,338.1
	9,383.6	467.0	1,752.8	216.1	298.4	—	(7,194.1)	4,923.8
Corporate	28,465.6	—	—	—	—	—	(8,775.1)	19,690.5
Total	**37,849.2**	**467.0**	**1,752.8**	**216.1**	**298.4**	**—**	**(15,969.2)**	**24,614.3**
Liabilities by business segment								
Plant science	(2,930.3)	(366.9)	(5,167.3)	(2,662.2)	(264.2)	—	10,240.4	(1,150.5)
Agronomy	—	—	—	—	—	(5,000.0)	—	(5,000.0)
Refining and trading (discontinued operation)	(3,759.8)	—	—	—	—	—	—	(3,759.8)
	(6,690.1)	(366.9)	(5,167.3)	(2,662.2)	(264.2)	(5,000.0)	10,240.4	(9,910.3)
Corporate	(6,810.9)	—	—	—	—	—	5,353.5	(1,457.4)
Total	**(13,501.0)**	**(366.9)**	**(5,167.3)**	**(2,662.2)**	**(264.2)**	**(5,000.0)**	**15,593.9**	**(11,367.7)**

3. Segmental information continued

	UK £000	Europe £000	Africa £000	Asia £000	India £000	JVs £000	Elimination £000	Group £000
Capital expenditure – tangible assets								
Plant science	108.6	13.5	101.8	91.1	58.3	—	—	373.3
Refining and trading (discontinued operation)	1,629.5	—	—	—	—	—	—	1,629.5
	1,738.1	13.5	101.8	91.1	58.3	—	—	2,002.8
Corporate	23.7	—	—	—	—	—	—	23.7
Total	**1,761.8**	**13.5**	**101.8**	**91.1**	**58.3**	**—**	**—**	**2,026.5**
Depreciation								
Plant science	(19.3)	(4.2)	(17.0)	(13.1)	(62.4)	—	—	(116.0)
Refining and trading (discontinued operation)	(4.3)	—	—	—	—	—	—	(4.3)
	(23.6)	(4.2)	(17.0)	(13.1)	(62.4)	—	—	(120.3)
Corporate	(3.7)	—	—	—	—	—	—	(3.7)
Total	**(27.3)**	**(4.2)**	**(17.0)**	**(13.1)**	**(62.4)**	**—**	**—**	**(124.0)**
Capital expenditure – intangible assets								
Plant science	—	—	6.3	0.5	—	—	—	6.8
Refining and trading (discontinued operation)	—	—	—	—	—	—	—	—
Total	**—**	**—**	**6.3**	**0.5**	**—**	**—**	**—**	**6.8**
Intangible amortisation								
Plant science	(0.7)	—	(1.8)	—	—	—	—	(2.5)
Refining and trading (discontinued operation)	(8.5)	—	—	—	—	—	—	(8.5)
Total	**(9.2)**	**—**	**(1.8)**	**—**	**—**	**—**	**—**	**(11.0)**
Asset impairment								
Refining and trading (discontinued operation)	(5,522.7)	—	—	—	—	—	—	(5,522.7)
Total	**(5,522.7)**	**—**	**—**	**—**	**—**	**—**	**—**	**(5,522.7)**
Impairment of investments								
D1-BP Fuel Crops	—	—	—	—	—	(6,660.5)	—	(6,660.5)
Total	**—**	**—**	**—**	**—**	**—**	**(6,660.5)**	**—**	**(6,660.5)**
Share-based payments								
Corporate	(649.0)	—	—	—	—	—	—	(649.0)
Total	**(649.0)**	**—**	**—**	**—**	**—**	**—**	**—**	**(649.0)**

Year ended 31 December 2007	UK £000	Europe £000	Africa £000	Asia £000	India £000	JVs £000	Elimination £000	Group £000
Revenue to external customers								
Plant science	—	—	—	9.7	0.4	—	—	10.1
Refining and trading (discontinued operation)	10,569.6	—	—	—	—	—	—	10,569.6
Total	**10,569.6**	**—**	**—**	**9.7**	**0.4**	**—**	**—**	**10,579.7**
Operating loss								
Plant science	(1,286.6)	(226.9)	(241.9)	30.1	(278.7)	—	—	(2,004.0)
Agronomy	—	—	(1,450.9)	(1,246.9)	(657.4)	—	—	(3,355.2)
D1-BP Fuel Crops	—	—	—	—	—	(1,516.5)	—	(1,516.5)
Refining and trading (discontinued operation)	(31,746.3)	—	—	—	—	—	—	(31,746.3)
Exceptional item	(2,491.2)	—	(296.3)	31.3	—	(8.1)	—	(2,764.3)
	(35,524.1)	(226.9)	(1,989.1)	(1,185.5)	(936.1)	(1,524.6)	—	(41,386.3)
Corporate	(4,713.2)	—	—	—	—	—	—	(4,713.2)
Total	**(40,237.3)**	**(226.9)**	**(1,989.1)**	**(1,185.5)**	**(936.1)**	**(1,524.6)**	**—**	**(46,099.5)**

3. Segmental information continued

	UK £000	Europe £000	Africa £000	Asia £000	India £000	JVs £000	Elimination £000	Group £000
Assets by business segment								
Plant science	236.7	159.7	2,463.3	943.1	431.8	—	(902.2)	3,332.4
D1-BP Fuel Crops	—	—	—	—	—	15,180.5	—	15,180.5
Refining and trading (discontinued operation)	31,762.0	—	—	—	—	—	(18,799.4)	12,962.6
	31,998.7	159.7	2,463.3	943.1	431.8	15,180.5	(19,701.6)	31,475.5
Corporate	83,109.9	—	—	—	—	—	(71,322.1)	11,787.8
Total	**115,108.6**	**159.7**	**2,463.3**	**943.1**	**431.8**	**15,180.5**	**(91,023.7)**	**43,263.3**
Liabilities by business segment								
Plant science	(1,456.6)	(91.1)	(7,519.4)	(196.7)	(1,949.6)	—	10,377.9	(835.5)
Refining and trading (discontinued operation)	(88,018.5)	—	—	(2,855.1)	—	—	80,645.9	(10,227.7)
	(89,475.1)	(91.1)	(7,519.4)	(3,051.8)	(1,949.6)	—	91,023.8	(11,063.2)
Corporate	(918.5)	—	—	—	—	—	—	(918.5)
Total	**(90,393.6)**	**(91.1)**	**(7,519.4)**	**(3,051.8)**	**(1,949.6)**	**—**	**91,023.8**	**(11,981.7)**
Capital expenditure – tangible assets								
Plant science	25.3	3.9	—	2.0	—	—	—	31.2
Agronomy	—	—	914.3	65.0	134.3	—	—	1,113.6
Refining and trading (discontinued operation)	15,962.2	—	—	—	—	—	—	15,962.2
	15,987.5	3.9	914.3	67.0	134.3	—	—	17,107.0
Corporate	55.7	—	—	—	—	—	—	55.7
Total	**16,043.2**	**3.9**	**914.3**	**67.0**	**134.3**	**—**	**—**	**17,162.7**
Depreciation								
Plant science	(3.5)	(0.4)	—	(1.9)	(0.5)	—	—	(6.3)
Agronomy	—	—	(151.8)	(36.3)	(42.2)	—	—	(230.3)
Refining and trading (discontinued operation)	(533.7)	—	—	—	—	—	—	(533.7)
	(537.2)	(0.4)	(151.8)	(38.2)	(42.7)	—	—	(770.3)
Corporate	(75.1)	—	—	—	—	—	—	(75.1)
Total	**(612.3)**	**(0.4)**	**(151.8)**	**(38.2)**	**(42.7)**	**—**	**—**	**(845.4)**
Capital expenditure – intangible assets								
Plant science	1.4	—	—	—	—	—	—	1.4
Refining and trading (discontinued operation)	3.3	—	—	—	—	—	—	3.3
Total	**4.7**	**—**	**—**	**—**	**—**	**—**	**—**	**4.7**
Intangible amortisation								
Plant science	0.3	—	—	—	—	—	—	0.3
Refining and trading (discontinued operation)	18.1	—	—	—	—	—	—	18.1
Total	**18.4**	**—**	**—**	**—**	**—**	**—**	**—**	**18.4**
Asset impairment								
Refining and trading (discontinued operation)	22,778.9	—	—	—	—	—	—	22,778.9
Total	**22,778.9**	**—**	**—**	**—**	**—**	**—**	**—**	**22,778.9**
Impairment of investments								
Corporate	60.0	—	—	—	—	—	—	60.0
Total	**60.0**	**—**	**—**	**—**	**—**	**—**	**—**	**60.0**
Share-based payments								
Corporate	1,857.0	—	—	—	—	—	—	1,857.0
Total	**1,857.0**	**—**	**—**	**—**	**—**	**—**	**—**	**1,857.0**

4. Revenue and administrative costs

Revenue recognised in the income statement is analysed as follows:

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Continuing operations		
Sales of goods	**4,168.9**	—
Finance revenue	**1,205.0**	1,572.5
	5,373,9	1,572.5
Discontinued operations		
Sales of goods	**2,904.4**	10,569.6
	2,904.4	10,569.6

No revenue was derived from exchanges of goods or services.

4. Revenue and administrative costs continued

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

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Research and development costs written off	**198.6**	110.4
Depreciation of plant, property and equipment	**124.0**	845.4
Impairment of plant, property and equipment	**1,653.4**	22,778.9
Amortisation of intangible assets	**11.0**	18.4
Impairment of intangible assets	**30.6**	64.1
Impairment of assets held for sale	**3,878.2**	—
(Profit)/loss on disposal of fixed assets	**—**	7.0
Net foreign currency differences	**590.9**	(45.1)
Auditors' remuneration		
– audit fees	**95.0**	115.0
– interim audit	**32.7**	29.6
– overseas audit	**23.6**	165.5
– taxation services	**81.6**	167.5
– audit of IFRS conversion	**—**	40.7
– advice in relation to establishment of the D1-BP Fuel Crops joint venture	**—**	23.6
– advice for 2008 fundraising	**118.3**	—
– consulting services	**0.6**	—
Total	**351.8**	541.9
Payment under operating leases		
– property	**340.5**	136.7
– plant and machinery	**52.0**	126.7
Provision for bad and doubtful debts	**19.5**	16.3
Financial assets at fair value through income statement classified as held for trading		
– fair value on foreign currency contracts	**—**	(56.3)
Financial liabilities at fair value through income statement classified as held for trading		
– fair value on commodity swaps	**—**	1,101.7
– fair value on foreign currency contracts	**—**	33.6

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 2008 Number	Year ended 31 December 2007 Number
Executive Directors	**2**	3
Technical	**29**	66
Administration and operational staff	**143**	204
Total	**174**	273

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

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Wages and salaries	**3,686.0**	6,271.8
Social security costs	**503.8**	752.2
Other pension costs	**178.9**	—
Total	**4,368.7**	7,024.0

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

In addition to staff costs incurred in the course of the Group's ordinary activities, as part of the cessation of refining and trading activities a number of staff received payouts under compromise agreements following the termination of their employment. The total payout was £1,769,000.

5. Staff numbers and costs continued

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

	Year ended 31 December 2008 Number	Year ended 31 December 2007 Number
Executive Directors	**2**	3
Technical	**3**	—
Administration and operational staff	**34**	1
Total	**39**	4

A reorganisation resulted in an increase in the number of staff in the Company.

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

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Wages and salaries	**2,137.4**	943.2
Social security costs	**294.2**	132.8
Other pension costs	**178.9**	—
Total	**2,610.5**	1,076.0

6. Directors' remuneration

	Short-term employee benefits £000	Post-employment benefits[b] £000	Other long-term benefits £000	Termination benefits[c] £000	Share-based payment £000	**Year ended 31 December 2008 £000**	Year ended 31 December 2007 £000
Executive Directors							
Elliott Michael Mannis	231.5	46.0	46.0	231.5	—	**555.0**	266.4
Richard Keith Gudgeon	—	—	—	—	—	**—**	98.3
Stephen Peter Douty	—	—	—	—	—	**—**	147.0
William Peter Campbell	—	—	—	—	—	**—**	123.4
Christopher Tawney	59.6	—	4.5	88.3	—	**152.4**	53.1
Benjamin Richard Good	78.4	—	5.9	—	—	**84.3**	—
Henk Jean Pierre Joos	106.2	—	—	—	—	**106.2**	—
Non-Executive Directors							
Karl Eric Watkin	6.0	—	—	—	—	**6.0**	55.0
John Barclay Forrest	60.0	—	—	—	—	**60.0**	40.6
Clive Neil Morton	39.1	—	—	8.8	—	**47.9**	52.2
Peter John Davidson	—	—	—	—	—	**—**	33.9
Lord Oxburgh of Liverpool	75.0	—	—	18.8	—	**93.8**	75.0
Christopher Leaver	35.0	—	—	—	—	**35.0**	17.5
Moira Elizabeth Black	37.9	—	—	—	—	**37.9**	9.1
Brian Alan Myerson[a]	14.6	—	—	—	—	**14.6**	—
	743.3	46.0	56.4	347.4	—	**1,193.1**	971.5

(a) Brian Myerson is a director of Principle Capital Investment Trust plc. He is also a director of Principle Capital Fund Managers Limited which is the 100% owner of Principle Capital GP Limited, the general partner of Principle Capital, L.P.

Principle Capital Investment Trust plc owns 26,473,330 shares in D1 Oils plc and Principle Capital L.P., which owns 8,415,759 shares in D1 Oils plc. Principle Capital Fund Managers Limited receives director fees for Brian Myerson, which it rebates to Principle Capital Investment Trust plc and Principle Capital, L.P.

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

(c) As part of the restructuring of the business, the appointments of several Directors were terminated. These Directors were not compensated for the required notice periods and other losses of benefits but instead received payments following the terminations under compromise agreements. As part of the compromise agreement for Elliott Mannis, a contribution of £46,000 was made to a designated pension fund. This contribution is recognised in post-employment benefits in the table above.

6. Directors' remuneration continued

	Options 1 January 2008[a]	Granted 2008	Exercised 2008	Lapsed in 2008	**Options 31 December 2008**	Exercise price	Exercisable date	Expiry date
Karl Eric Watkin	39,062	—	—	(39,062)	**—**	£1.28	October–05	October–14
John Barclay Forrest	78,125	—	—	—	**78,125**	£1.28	October–05	October–14
Clive Neil Morton	156,250	—	—	(156,250)	**—**	£1.28	October–05	October–14
Elliott Michael Mannis	33,613	—	—	—	**33,613**	£2.98	(b)	May–15
Elliott Michael Mannis	132,075	—	—	—	**132,075**	£2.65	(b)	May–15
Elliott Michael Mannis	500,000	—	—	—	**500,000**	£2.00	(b)	January–16
Lord Oxburgh of Liverpool	50,000	—	—	—	**50,000**	£0.01	(b)	September–16
Henk Jean Pierre Joos	170,915	—	—	—	**170,915**	£2.30	(b)	October–16
Elliott Michael Mannis	487,500	—	—	—	**487,500**	£1.73	(b)	March–17
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
Henk Jean Pierre Joos	—	1,417,000	—	—	**1,417,000**	£0.21	(b)	May–18
Elliott Michael Mannis	—	2,030,000	—	—	**2,030,000**	£0.21	(b)	May–18
	1,912,486	4,731,000	—	(195,312)	**6,448,174**			

(a) Options in issue at 1 January 2008 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 £nil (2007: £178,515). 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 2008 £000	Year ended 31 December 2007 £000
Interest received on bank deposits	**872.1**	1,572.5
Net foreign exchange movements	**332.9**	—
Finance revenue	**1,205.0**	1,572.5
Bank loans and overdrafts	**(57.0)**	(63.9)
Interest payable under finance leases and hire purchase agreements	**(187.4)**	(242.9)
Finance costs	**(244.4)**	(306.8)

8. Taxation

Tax recognised in the income statement

	Continuing operations		Discontinued operations		Total	
	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000	**Year ended 31 December 2008 £000**	Year ended 31 December 2007 £000	**Year ended 31 December 2008 £000**	Year ended 31 December 2007 £000
Current tax credit – UK	**—**	—	**(247.4)**	—	**(247.4)**	—
Current tax income – overseas	**20.9**	36.7	**—**	—	**20.9**	36.7
Tax reported in consolidated income statement	**20.9**	36.7	**(247.4)**	—	**(226.5)**	36.7

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 2008 and 31 December 2007 is as follows:

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Loss on ordinary activities before taxation	**(33,793.2)**	(46,099.5)
At United Kingdom tax rate of 28% (2007: 30%)	**(9,462.1)**	(13,829.9)
Expenditure not allowable for tax purposes	**(248.1)**	100.0
Unrecognised deferred tax asset on impairment of assets	**1,212.4**	6,893.7
Unrecognised deferred tax on ULSD swaps	**(308.5)**	330.5
Share option charge	**181.7**	557.1
Share of loss of joint venture	**2,429.0**	443.7
Transfer of operations to joint venture not taxable	**—**	992.0
Effect of different tax rates of subsidiaries in other jurisdictions	**2.5**	—
Unrecognised tax losses	**4,856.5**	3,513.9
Losses of overseas subsidiaries for which no tax relief available	**—**	1,035.7
Utilisation of prior year losses	**(507.5)**	—
Write back of investment impairment	**1,864.9**	—
Research and development tax credits refunded	**(247.4)**	—
Total tax income reported in consolidated income statement	**(226.5)**	36.7

The applicable corporation tax rate reduced from 30% in 2007 to 28% in 2008 in line with the reduction in the main rate of corporation tax in the UK.

The Group has tax losses of £6.9m (2007: £5.7m) that are available indefinitely for offset against future taxable profits in the companies in which they arose. Deferred tax assets have not been recognised in respect of these losses as the companies with losses are not forecast to generate taxable profits for several years and the losses are not transferable.

9. Loss per ordinary share

For Group	**Year ended 31 December 2008 Number**	Year ended 31 December 2007 Number
Weighted average number of shares in issue	**108,840,317**	61,638,732

	Pence	Pence
Loss per ordinary share – basic and diluted	**(30.84)**	(74.85)

For Group from continuing operations	**Year ended 31 December 2008 Number**	Year ended 31 December 2007 Number
Weighted average number of shares in issue	**108,840,317**	61,638,732

	Pence	Pence
Loss per ordinary share – basic and diluted	**(20.02)**	(22.08)

The number of shares in issue at 31 December 2008 was 125,625,219 (2007: 62,241,219). For the purposes of calculating the loss per ordinary share the weighted average number of shares excludes 193,645 shares (2007: 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 2008 £000	Year ended 31 December 2007 £000
Loss for the period attributable to equity holders of the parent from continuing operations	**(21,793.2)**	(13,609.5)
Loss for the period attributable to equity holders of the parent from discontinued operations	**(11,773.5)**	(32,526.7)
Total loss for the period attributable to equity holders of the parent	**(33,566.7)**	(46,136.2)

10. Property, plant and equipment

Group	Freehold land £000	Buildings £000	Plantations £000	Motor vehicles £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost							
At 1 January 2007	1,283.2	25.8	64.3	30.7	13,184.9	341.3	14,930.2
Additions	2,941.7	—	346.5	229.7	13,297.1	347.7	17,162.7
Reclassifications	—	300.0	—	—	(300.0)	—	—
Foreign exchange movements	—	—	1.0	4.2	10.3	7.7	23.2
Transfer of assets to joint venture	—	—	(411.8)	(242.8)	(339.0)	(203.6)	(1,197.2)
At 31 December 2007	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**
Accumulated depreciation							
At 1 January 2007	—	4.1	—	14.8	341.3	83.7	443.9
Charge for the year	—	30.0	—	5.5	531.8	278.1	845.4
Impairment	1,241.7	253.2	—	—	21,127.9	156.1	22,778.9
Foreign exchange movements	—	—	—	0.4	3.4	3.2	7.0
Transfer of assets to joint venture	—	—	—	(3.3)	(1.5)	(135.8)	(140.6)
At 31 December 2007	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**
Net book value							
At 31 December 2008	**—**	**—**	**—**	**4.0**	**332.1**	**166.2**	**502.3**
At 31 December 2007	2,983.2	38.5	—	4.4	3,850.4	107.8	6,984.3
At 1 January 2007	1,283.2	21.7	64.3	15.9	12,843.6	257.6	14,486.3

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 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 valuations assume the assets will be sold for scrap.

Company	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2007 and 31 December 2007	—	—	—
Additions	5.8	18.0	23.8
At 31 December 2008	**5.8**	**18.0**	**23.8**
Accumulated depreciation			
At 1 January 2007 and 31 December 2007	—	—	—
Charge for the year	1.0	2.6	3.6
At 31 December 2008	**1.0**	**2.6**	**3.6**
Net book value			
At 31 December 2008	**4.8**	**15.4**	**20.2**
At 1 January 2007 and 31 December 2007	—	—	—

11. Intangible assets

	Software licences £000	Goodwill £000	Total £000
Cost			
At 1 January 2007	62.0	64.1	126.1
Additions in the period	4.7	—	4.7
At 31 December 2007	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**
Accumulated amortisation			
At 1 January 2007	7.0	—	7.0
Charge for the year	18.4	—	18.4
Impairment	—	64.1	64.1
At 31 December 2007	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**
Net book value			
At 31 December 2008	**6.6**	**—**	**6.6**
At 31 December 2007	41.3	—	41.3
At 1 January 2007	55.0	64.1	119.1

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 have taken the decision to impair the carrying value of the goodwill in light of the decision to cease refining and trading operations in the UK.

12. Investments in subsidiaries and jointly controlled entities

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

Name	Nature of business	Country of incorporation	Shareholder class	Percentage
D1 (UK) Limited	Biodiesel trading	UK	Ordinary	100%
D1 Oil Subsidiary Limited	Biodiesel trading	UK	Ordinary	100%
D1 Oils Africa (Pty) Limited	Plant science	South Africa	Ordinary	100%
D1 Oils Asia Pacific Pte Limited	Plant science	Singapore	Ordinary	100%
D1 Oils Ghana Pty Limited	Dormant	Ghana	Ordinary	100%
D1 Oils India Private Limited	Plant science	India	Ordinary	100%
D1 Oils Madagascar SARL	Plant science	Madagascar	Ordinary	99%
D1 Oils Malaysia Sbn Bhd	Dormant	Malaysia	Ordinary	100%
D1 Oils Philippines Inc	Plant science	Philippines	Ordinary	100%
D1 Oils Plant Science (Thailand) Co Limited	Plant science	Thailand	Ordinary	100%
D1 Oils Plant Science (UK) Limited	Plant science	UK	Ordinary	100%
D1 Oils Plant Science (Zambia) Limited	Plant science	Zambia	Ordinary	100%
D1 Oils Plant Science Africa (Pty) Limited	Plant science	South Africa	Ordinary	100%
D1 Oils Plant Science Australia Pty Limited	Dormant	Australia	Ordinary	100%
D1 Oils Plant Science Belgium NV	Plant science	Belgium	Ordinary	100%
D1 Oils Plant Science Netherlands BV	Plant science	The Netherlands	Ordinary	100%
D1 Oils Plant Science West Africa Soceidad Unipessoal, SA	Plant science	Cape Verde	Ordinary	100%
D1 Oils South Africa (Pty) Limited	Plant science	South Africa	Ordinary	95%
D1 Oils Trading Limited	Biodiesel trading	UK	Ordinary	100%
D1 Oils Zambia Limited	Plant science	Zambia	Ordinary	100%
D1-BP Fuel Crops Limited	Jatropha plantations	UK	Ordinary	50%
GroupBio Limited	Dormant	UK	Ordinary	55%
Hybrid Creations Sdn Bhd	Plant science	Malaysia	Ordinary	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	Other investments £000	Total £000
Cost				
1 January 2007	—	(154.6)	18.2	(136.4)
Additions in the year	16,693.5	903.5	60.0	17,657.0
Disposals in the year	—	—	(18.2)	(18.2)
Share of joint ventures' results	(1,516.5)	(249.5)	—	(1,766.0)
Exchange difference	3.5	12.5	—	16.0
Impairment	—	—	(60.0)	(60.0)
Written off on transfer to D1-BP Fuel Crops Limited	—	(511.9)	—	(511.9)
1 January 2008	15,180.5	—	—	15,180.5
Additions in the year	—	—	—	—
Disposals in the year	—	—	—	—
Share of joint ventures' results	(8,675.0)	—	—	(8,675.0)
Exchange difference	155.0	—	—	155.0
Impairment	(6,660.5)	—	—	(6,660.5)
Written off on transfer to D1-BP Fuel Crops Limited	—	—	—	—
31 December 2008	**—**	**—**	**—**	**—**

The Group is a 50% shareholder in D1-BP Fuel Crops. In the first half of 2009, the joint venture sought a third joint venturer to contribute to the operation. The result of the fundraising exercise remains uncertain and as a consequence the Group impaired its investment in the joint venture to nil to reflect the uncertainty of future cash flow from the investment. The recoverable amount of the investment was determined by its value in use. The uncertainty surrounding the business led the Group to estimate it could not currently expect any future cash flows from the investment - consequently no discount rate was required to determine value in use. The investment belongs to the JV's segment.

Company	D1-BP Fuel Crops joint venture £000	Subsidiary undertakings £000	Other investments £000	Total £000
Cost				
1 January 2007	—	125.0	18.2	143.2
Additions in the year	12,787.0	—	—	12,787.0
Disposals in the year	—	—	(18.2)	(18.2)
1 January 2008	12,787.0	125.0	—	12,912.0
Additions in the year	—	0.1	—	0.1
Impairment in the year	(12,787.0)	—	—	(12,787.0)
31 December 2008	**—**	**125.1**	**—**	**125.1**

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

	2008 £000	2007 £000
Current assets	**7,784.0**	16,527.5
Non-current assets	**687.5**	883.5
Current liabilities	**(1,782.5)**	(2,193.0)
Non-current liabilities	**(28.5)**	(37.5)
Share of net assets of joint ventures (before impairment)	**6,660.5**	15,180.5

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

	2008 £000	2007 £000
Revenue	**23.0**	—
Net operating costs	**(8,211.0)**	(1,493.0)
Operating loss	**(8,188.0)**	(1,493.0)
Net finance income	**145.0**	21.0
Share of loss from joint ventures accounted for using the equity method	**(628.0)**	(70.5)
Loss before tax	**(8,671.0)**	(1,542.5)
Income tax expense	**(4.0)**	—
Minority interest	**—**	26.0
Share of losses of joint ventures	**(8,675.0)**	(1,516.5)

D1-BP Fuel Crops Limited had no capital commitments as at 31 December 2008.

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 2008, their carrying values were:

	Freehold land £000	Buildings £000	Prepaid insurance £000	Total £000
Middlesbrough – site	—	1,000.0	—	1,000.0
Bromborough – site	2,000.0	—	141.8	2,141.8
	2,000.0	**1,000.0**	**141.8**	**3,141.8**

Following the classification of these assets as held for sale, an impairment loss of £3,878,000 in total was recognised 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. Of this impairment loss, £3,878,000 was recognised in 2008. This was recognised in the income statement in the line item 'Loss for the year from discontinued operations'. The assets are the subject of ongoing sale negotiations.

The Group holds five refining units as assets held for sale following the closure of the refining and trading operations. The carrying value of these units is nil. Four of the five units are the subject of the Group's sole finance lease.

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 property, plant and equipment to assets held for sale. Negotiations to sell the assets are ongoing with various parties. The valuations of the assets held for sale reflect the length of time the assets have remained unsold and prevailing market conditions including the difficulty potential buyers have obtaining credit. These conditions have resulted in further impairment of the value of these assets. At 31 December 2008, the refining and trading operations remained classified as discontinued operations and the site and refining equipment as assets held for sale.

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

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Revenue	**2,904.4**	10,569.6
Expenses	**(9,175.7)**	(20,074.4)
Gross loss	**(6,271.3)**	(9,504.8)
Asset impairment	**(5,562.2)**	(22,778.9)
Operating loss	**(11,833.5)**	(32,283.7)
Finance costs	**(187.4)**	(243.0)
Loss before tax from discontinued operation	**(12,020.9)**	(32,526.7)
Tax income	**247.4**	—
Loss from discontinued operation	**(11,773.5)**	(32,526.7)

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

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Property, plant and equipment	**3,141.8**	—

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

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Operating	**(4,388.8)**	(10,401.5)
Investing	**(1,673.8)**	(16,120.0)
Financing	**(757.7)**	(728.1)
Net cash (outflow)/inflow	**(6,820.3)**	(27,249.6)

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

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Basic and diluted from discontinued operations	**(10.8)**	(52.8)

15. Inventories

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Raw material stock	**—**	1,962.7	**—**	1,962.7
Work in progress	**—**	98.5	**—**	98.5
Finished product	**20.3**	159.1	**—**	179.4
Total	**20.3**	2,220.3	**—**	2,240.6

16. Trade and other receivables

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Non-current				
Amounts owed by joint ventures	**—**	—	**—**	—
Amounts owed by Group undertakings	**—**	—	**—**	—
Other debtors	**—**	—	**—**	—
	—	—	**—**	—
Current				
Trade receivables	**9.8**	909.0	**—**	—
Amounts owed by Group undertakings	**—**	—	**377.9**	431.6
Other receivables	**124.8**	2,776.5	**24.5**	—
Prepayments and accrued income	**381.8**	432.6	**198.9**	26.1
Taxation and social security	**298.6**	0.6	**—**	—
	815.0	4,118.7	**601.3**	457.7

As at 31 December 2008, trade receivables at a nominal value of £nil (2007: £16,300) were impaired and are fully provided for. Movements in the provision for impairment of receivables were as follows:

	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 31 December 2008	**—**	**—**	**—**

The Company had no impairment provisions at any time during 2008 or 2007.

As at 31 December 2008, the ageing of receivables is as follows:

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**

Group at 31 December 2007	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 2007	829.1	77.0	—	19.2	925.3
Other receivables	—	2,776.5	—	—	2,776.5
Impairment	—	—	—	(16.3)	(16.3)
Net trade receivables as at 31 December 2007	829.1	2,853.5	—	2.9	3,685.5

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
Impairment of amounts owed by Group undertakings	—	—	—	—	—
Net trade receivables as at 31 December 2008	**377.9**	**—**	**—**	**—**	**377.9**

Company at 31 December 2007	Not yet due £000	Overdue <30 days £000	Overdue 31-60 days £000	Overdue >60 days £000	Total £000
Amounts owed by Group undertakings	71,321.7	—	—	—	71,321.7
Impairment of amounts owed by Group undertakings	(70,890.1)	—	—	—	(70,890.1)
Net trade receivables as at 31 December 2007	431.6	—	—	—	431.6

16. Trade and other receivables continued

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. In view of the Board's decision to close the UK refining and trading operations at Middlesbrough and Bromborough, and in light of the transfer of overseas planting operations into the D1-BP Fuel Crops joint venture during the course of the year, amounts owed by Group undertakings have been impaired to their estimated realisable amount. The balance of amounts owed by Group undertakings of £377,876 represents the balance due from D1 Oils Plant Science Limited 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. Since the cessation of the refining and trading business, apart from miscellaneous sales, the Group only provides services to the D1-BP Fuels Crops joint venture.

17. Other financial assets

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Cash held as collateral against finance lease creditors[a]	**1,989.9**	2,317.3	**—**	—
Cash held as collateral against swap transactions	**—**	2,000.0	**—**	2,000.0
Cash held as collateral against letter of credit transactions	**—**	1,112.4	**—**	1,112.4
Cash held as collateral against third party guarantees	**—**	250.0	**—**	250.0
Other cash deposits[b]	**3,000.0**	5,000.0	**3,000.0**	5,000.0
Accrued bank interest	**82.5**	285.6	**82.5**	285.6
Forward currency contracts	**—**	56.3	**—**	56.3
	5,072.4	11,021.6	**3,082.5**	8,704.3

(a) The Group has a deposit of £1,989,866 (2007: £2,317,300) charged to Allied Irish Bank as cash collateral for part of the finance lease creditor. The deposit earns interest at fluctuating rates which averaged 4.4% in 2008.

(b) Other cash deposits represent funds placed on deposit for 258 days at an interest rate of 5.94%. The deposit matures on 30 March 2009.

18. Cash and short-term deposits

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Cash at bank and in hand	**2,894.1**	3,206.3	**568.9**	2,635.5
Short-term deposits	**12,161.8**	390.3	**12,161.8**	390.3
	15,055.9	3,596.6	**12,730.7**	3,025.8

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 2008 is £15,055,900 (2007: £3,596,600).

19. Trade and other payables

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Current				
Trade payables	**657.1**	1,782.1	**293.7**	194.8
Other payables	**179.4**	—	**—**	—
Taxation and social security	**259.9**	585.3	**67.3**	182.2
	1,096.4	2,367.4	**361.0**	377.0

Trade payables are non-interest bearing and the average creditor days is 21.

Other payables includes £171,680 owed to D1-BP Fuel Crops Limited, a related party, representing repayments of £229,404 due under the Seed Purchase and Service Agreement between the Group and D1-BP Fuel Crops Limited less payments due to the Group as consideration for the sale of its Madagascar agronomy operation of £58,724.

20. Interest-bearing loans and borrowings

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Current				
Current obligations under finance leases and hire purchase agreements	**2,566.8**	432.9	**—**	—
Mortgage payable	**720.0**	60.0	**—**	—
	3,286.8	492.9	**—**	—
Non-current				
Non-current obligations under finance leases and hire purchase agreements	**—**	2,587.2	**—**	—
Mortgage payable	**—**	720.0	**—**	—
	—	3,307.2	**—**	—

The lease obligation is over four D120 skid biodiesel refining units situated at the Group's Middlesbrough site. The lease is payable in equal instalments of £50,360 commencing in November 2006 with the final payment due in October 2011. Under the terms of the lease, the lessor, Allied Irish Bank, has grounds to terminate the lease and demand immediate payment of all outstanding amounts if, amongst other conditions, the Group states its intention to cease utilising the units in refining activities. The Group announced this intention in April 2008 when it announced its refining and trading activities would cease immediately. Agreement has been reached for the Group to settle this obligation in 2009.

Group borrowings include a mortgage over the decommissioned refinery site at Forty Foot Road, Middlesbrough, TS2 1HG. The mortgage is secured by a fixed and floating charge over the property and is repayable in 56 equal quarterly instalments commencing March 2007. Interest is charged at 1.75% over LIBOR.

The mortgage has been classed as a current liability in line with the classification of the Forty Foot Road property as an asset held for sale, which assumes the asset will be sold within twelve months. Accordingly, the associated mortgage is classed as falling due for repayment within twelve months.

21. Finance lease and hire purchase commitments

Group

	Minimum payments 2008 £000	**Present value of payments 2008 £000**	Minimum payments 2007 £000	Present value of payments 2007 £000
Within one year	**701.9**	**472.5**	623.3	432.9
After one year but not more than five years	**2,213.1**	**2,094.4**	2,818.5	2,587.2
Total minimum lease payments	**2,915.0**	**2,566.8**	3,441.8	3,020.1
Less amounts representing finance charges	**(348.2)**	**—**	(421.7)	—
	2,566.8	**2,566.8**	3,020.1	3,020.1

The Company did not have any finance leases in either 2008 or 2007.

As disclosed in note 20, in 2009 the Group reached agreements to settle its finance lease obligations.

22. Other financial liabilities

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
ULSD swaps	**—**	1,101.7	**—**	—
Forward currency contracts	**—**	33.6	**—**	33.6
	—	1,135.3	**—**	33.6

At 31 December 2007, the Group had entered in to Ultra Low Sulphur Diesel (ULSD) swaps to hedge its exposure to fluctuating commodity prices and forward currency contracts to buy US Dollars. Following the closure of the Group's refining and trading activities in April 2008, these contracts were no longer considered necessary. At 31 December 2008, the Group did not hold any ULSD swaps or forward currency contracts.

23. Provisions

	Planting provision[a] £000	Redundancy provision[b] £000	Contract settlement provision[c] £000	Group contractual commitments £000
Current				
At 1 January 2008	3,000.0	—	—	3,000.0
Movements in the year	2,000.0	161.0	640.0	2,801.0
At 31 December 2008	**5,000.0**	**161.0**	**640.0**	**5,801.0**

(a) In 2007, a planting provision was raised to cover a potential shortfall in planting assets contributed to the joint venture. In 2008, the planting provision was increased to £5m. On 4 February 2009, the Group announced it had settled the provision of £5m with its joint venture partner, BP.

(b) The redundancy provision covered redundancy settlements still under negotiation at 31 December 2008. The provision was settled in January 2009.

(c) The contract settlement provision covered the cost to exit from a storage tank contract. The provision was settled in January 2009.

The Company did not hold any provisions at 31 December 2007 or 31 December 2008.

24. Operating lease commitments

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

	Group Land and buildings 2008 £000	**Group Plant and equipment 2008 £000**	Group Land and buildings 2007 £000	Group Plant and equipment 2007 £000
Within one year	**478.4**	**2.9**	159.0	726.9
After one year but not more than five years	**1,177.4**	**5.7**	636.0	2,889.1
After more than five years	**1,016.0**	**—**	1,407.4	—
	2,671.8	**8.6**	2,202.4	3,616.0

The Group entered into commercial leases on certain property and items of machinery. 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 machinery leases have an average duration of between one and four years. There are no restrictions placed upon the lessee by entering into these leases.

	Company Land and buildings 2008 £000	Company Land and buildings 2007 £000
Within one year	**98.0**	159.0
After one year but not more than five years	**133.9**	636.0
After more than five years	**—**	1,407.4
	231.9	2,202.4

25. Authorised and issued share capital

	Group and Company 2008 No. of shares	Group and Company 2007 No. of shares	**Group and Company 2008 £000**	Group and Company 2007 £000
Authorised				
Ordinary shares of 1p each	**200,000,000**	200,000,000	**2,000.0**	2,000.0
Called up, allotted and fully paid				
At 1 January	**62,241,219**	61,480,578	**622.4**	614.8
Issued on exercise of share options	**—**	681,521	**—**	6.8
Issued under bonus share scheme	**—**	79,120	**—**	0.8
Issued on placing of new shares	**64,384,000**	—	**643.9**	—
At 31 December	**126,625,219**	62,241,219	**1,266.3**	622.4

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

On 9 April 2008, the Company completed the placing of 64,384,000 new ordinary shares. The Company received cash consideration of £16,096,000 for this placing prior to expenses of £1,213,259.

26. Movements in equity

	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 2007	614.8	83,832.2	(484.0)	437.7	(22,172.0)	—	(591.6)	61,637.1
Total recognised income and expense	—	—	—	—	(46,136.2)	—	(90.1)	(46,226.3)
Issue of shares by the Company	7.6	1,137.1	—	—	—	—	—	1,144.7
Share-based payments	—	—	—	—	1,857.0	—	—	1,857.0
Issue of equity instruments	—	—	—	—	—	12,787.0	—	12,787.0
Adjustment to 2006 share issue costs	—	82.1	—	—	—	—	—	82.1
At 31 December 2007	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
Issue of equity instruments	—	—	—	—	—	—	—	—
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**
Company								
At 1 January 2007	614.8	83,832.2	(484.0)	—	(3,419.4)	—	—	80,543.6
Retained loss for the period	—	—	—	—	(72,266.7)	—	—	(72,266.7)
Issue of shares by the Company	7.6	1,137.1	—	—	—	—	—	1,144.7
Share option charge	—	—	—	—	1,857.0	—	—	1,857.0
Issue of equity instruments	—	—	—	—	—	12,787.0	—	12,787.0
Adjustment to 2006 share issue costs	—	82.1	—	—	—	—	—	82.1
At 31 December 2007	622.4	85,051.4	(484.0)	—	(73,829.1)	12,787.0	—	24,147.7
Retained loss for the period	—	—	—	—	(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
Issue of equity instruments	—	—	—	—	—	—	—	—
At 31 December 2008	**1,266.3**	**99,290.3**	**(484.0)**	**—**	**(97,078.6)**	**12,787.0**	**—**	**15,781.0**

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 2008, the shares had a market value of £18,203.

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 arose on the granting of options to BP on the formation of the D1-BP Fuel Crops Limited joint venture.

Reconciliation of movement in equity shareholders' funds – Group

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Loss for the financial period	**(34,277.6)**	(46,136.2)
Issue of shares by the Company (net of expenses)	**14,882.8**	1,144.7
Share-based payments – employee share options	**649.0**	1,857.0
Issue of equity instruments – options granted to BP	**—**	12,787.0
Currency translation difference	**710.9**	(90.1)
Adjustment to 2006 share issue costs	**—**	82.1
Net increase/(decrease) in equity shareholders' funds	**(18,034.9)**	(30,355.5)
Opening equity shareholders' funds	**31,281.6**	61,637.1
Closing equity shareholders' funds	**13,246.7**	31,281.6

26. Movements in equity continued

Reconciliation of movement in equity shareholders' funds – Company

	Year ended 31 December 2008 £000	Year ended 31 December 2007 £000
Loss for the financial period	**(23,898.5)**	(72,266.7)
Issue of shares by the Company (net of expenses)	**14,882.8**	1,144.7
Share-based payments – employee share options	**649.0**	1,857.0
Issue of equity instruments – options granted to BP	**—**	12,787.0
Adjustment to 2006 share issue costs	**—**	82.1
Net increase/(decrease) in equity shareholders' funds	**(8,366.7)**	(56,395.9)
Opening equity shareholders' funds	**24,147.7**	80,543.6
Closing equity shareholders' funds	**15,781.0**	24,147.7

27. Related party disclosures and principal subsidiary undertakings

The Group has 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. During the year ended 31 December 2008, the Group supplied assets and services to the joint venture totalling £4,168,412 (2007: £2,119,000) and the amount owed by the Group to the joint venture as at 31 December 2008 was £171,000 (2007: £2,119,000).

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

During the year to 31 December 2008, the Company provided net funding to subsidiary companies within the Group as follows:

	2008 £000	2007 £000
D1 Oils Trading Limited	**3,401.3**	22,372.5
D1 Oils Plant Science Limited	**(53.7)**	431.6
D1 (UK) Limited	**1,864.8**	7,322.4
D1 Oil Subsidiary Limited	**1,696.3**	8,038.2
Total	**6,908.7**	38,164.7

At 31 December 2008, net funding balances due to the Company from subsidiary undertakings were as follows:

	2008 £000	2007 £000
D1 Oils Trading Limited	**51,467.8**	48,066.5
D1 Oils Plant Science Limited	**377.9**	431.6
D1 (UK) Limited	**15,953.9**	14,089.1
D1 Oil Subsidiary Limited	**10,431.8**	8,735.5
Impairment	**(77,853.5)**	(70,891.1)
Total	**377.9**	431.6

The funding is repayable upon demand. With the exception of D1 Oils Plant Science Limited, the Company does not anticipate any repayments being made within one year and those balances have been fully impaired. The funding is not subject to any interest charge. An impairment charge of £6,962,400 was recognised in 2008.

28. 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.

28. 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 and 70% for awards granted after 1 January 2008. Appropriate risk free rates (as defined by the Bank of England) between 4.1% 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 2008 is £649,000 (2007: £1,857,000). 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.

	2008 Number	**2008 WAEP**	2007 Number	2007 WAEP
Outstanding at 1 January	**5,386,073**	**1.99**	3,452,517	2.12
Granted during the year	**8,375,379**	**0.21**	3,177,367	1.85
Forfeited during the year	**(1,589,882)**	**1.90**	(562,290)	2.66
Exercised	**—**	**—**	(681,521)	1.48
Outstanding at 31 December	**12,171,570**	**0.77**	5,386,073	1.99
Exercisable at 31 December	**3,040,611**	**2.04**	2,106,860	2.09

The range of exercise prices for options outstanding at the end of the year was 1p–297.5p. The weighted average remaining contractual life of the options in issue at 31 December 2008 is 6.9 years.

The options granted in 2008 had a weighted average fair value of 9.3p and a weighted average exercise price of 21p.

Option agreement with BP International Limited

As part of the agreement establishing D1-BP Fuel Crops Limited, options were granted to BP International Limited that represent 9.26% 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 may be exercised 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% is included in the calculation and considered appropriate for the sector and age of the Group. In forming the volatility assumption the Directors have 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.

The total fair value of these options for the Group and the Company is £12,787,000 and was all recognised in equity in the year to 31 December 2007.

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

	2008 Number	**2008 WAEP**	2007 Number	2007 WAEP
Outstanding at 1 January	**11,725,467**	**2.51**	—	—
Granted during the year	**—**	**—**	11,725,467	2.51
Exercised	**—**	**—**	—	—
Outstanding at 31 December	**11,725,467**	**2.51**	11,725,467	2.51
Exercisable at 31 December	**11,725,467**	**2.51**	11,725,467	2.51

The weighted average fair value per option of options granted to BP International Limited during the year was 251.3p. The range of exercise prices for options outstanding at the end of the year was 210p–300p. The weighted average remaining contractual life of the options in issue at 31 December 2008 is 1.8 years.

29. Financial risk management objectives and policies

The main risks arising from the Group's 2008 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 2008 operations is interest rate risk.

Interest rate risk

Mortgage obligations

The Group has one mortgage obligation, the terms of which include a floating interest rate of 1.75% above LIBOR. The capital outstanding at 31 December 2008 was £720,000 (2007: £780,000 at 1.75% above LIBOR).

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
2008	**+0.5%**	**3.6**	**3.6**
	-0.5%	**(3.6)**	**(3.6)**
2007	+0.5%	(4.1)	(4.1)
	-0.5%	4.1	4.1

'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 2008 totalled £2,894,100 (2007: £3,206,300) in the Group and £568,900 (2007: £2,635,500) 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
2008	**+0.5%**	**14.5**	**14.5**	**2.8**	**2.8**
	-0.5%	**(14.5)**	**(14.5)**	**(2.8)**	**(2.8)**
2007	+0.5%	16.0	16.0	13.2	13.2
	-0.5%	(16.0)	(16.0)	(13.2)	(13.2)

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 £15,161,800 (2007: £5,390,300).

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.

	Increase/ decrease in term deposit interest rate	Effect on loss before tax £000	Effect on equity £000
2008	**+1%**	**151.6**	**151.6**
	-1%	**(151.6)**	**(151.6)**
2007	+1%	53.9	53.9
	-1%	(53.9)	(53.9)

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.

29. Financial risk management objectives and policies continued

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2008 and 2007 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 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
ULSD swaps	—	—	—	—	—	—
Foreign currency contracts	—	—	—	—	—	—
Total	**2,566.8**	**1,119.6**	**68.7**	**417.8**	**409.4**	**4,582.4**

Year ended 31 December 2007	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	—	181.7	544.1	3,330.5	543.5	4,599.8
Trade and other payables	—	7,046.3	—	—	—	7,046.3
ULSD swaps	—	742.9	358.8	—	—	1,101.7
Foreign currency contracts	—	33.6	—	—	—	33.6
Total	—	8,004.5	902.9	3,330.5	543.5	12,781.4

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.

Forward exchange contracts

A significant amount of the Group's raw material and other input costs in the now discontinued refining and trading operaton is denominated in US Dollars and it has entered into a number of forward exchange contracts to buy dollars at a fixed price to mitigate the effect of fluctuating exchange rates. In assessing the fair value of forward exchange contracts at the year end, the Group and the Company have recognised financial assets of £nil (2007: £56,300) (note 17) and financial liabilities of £nil (2007: £33,600) (note 22).

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, through the impact of floating rate borrowings. At 31 December 2008, the Group did not hold any forward exchange contracts.

	Increase/ decrease in USD rate	Effect on loss before tax £000	Effect on equity £000
2008	**+5%**	**—**	**—**
	-5%	**—**	**—**
2007	+5%	(84.0)	(84.0)
	-5%	92.8	92.8

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. However, the Group is materially exposed to foreign currency fluctuations on cash balances of £1,503,974 (2007: £216,978) held in South African Rand and US Dollar denominated 'at call' accounts in two of its African companies. The Group is the process of repatriating these funds to the United Kingdom.

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.

	Increase/ decrease in GBP rate	Effect on loss before tax £000	Effect on equity £000
2008	**+5%**	**75.3**	**75.3**
	-5%	**(75.3)**	**(75.3)**
2007	+5%	10.8	10.8
	-5%	(10.8)	(10.8)

Commodity risk

During the year, the Group hedged its exposure to fluctuating ULSD prices by entering into a swap transaction. In line with the cessation of refining and trading activities, the Group concluded its final swap transaction in April 2008. At 31 December 2008, the fair value of the swap was £nil (2007: £1,101,700).

29. Financial risk management objectives and policies continued

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in the price of ULSD, with all other variables held constant, through the impact of variable ULSD prices.

	Increase/ decrease in ULSD rate	Effect on loss before tax £000	Effect on equity £000
2008	**+10%**	**—**	**—**
	-10%	**—**	**—**
2007	+10%	(289.5)	(289.5)
	-10%	289.5	289.5

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 biodiesel 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 2008 £000	Year ended 31 December 2007 £000
Loans and borrowings		
Obligations under finance leases	**2,566.8**	3,020.1
Instalments due on mortgage	**720.0**	780.0
Total long-term liabilities	**3,286.8**	3,800.1
Equity	**476.7**	19,222.6
Total equity and loans and borrowing	**3,763.5**	23,022.7
Gearing ratio	**87.3%**	16.5%

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 £100.1m.

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's financial instruments that are carried in the financial statements.

	Book value 2008 £000	**Fair value 2008 £000**	Book value 2007 £000	Fair value 2007 £000
Financial assets				
Cash and short-term deposits	**15,055.9**	**15,055.9**	3,596.6	3,596.6
Long-term deposits and cash collateral	**5,072.4**	**5,072.4**	10,679.7	10,679.7
Forward currency contracts	**—**	**—**	56.3	56.3
Financial liabilities				
Interest-bearing loans and borrowings	**720.0**	**720.0**	760.0	760.0
Finance lease and hire purchase agreements	**2,566.8**	**2,566.8**	3,020.1	3,292.0
Derivative financial instruments	**—**	**—**	1,101.7	1,101.7
Forward currency contracts	**—**	**—**	33.6	33.6

30. Contingent assets

On 27 March 2009, the Group announced that it was in receipt of a final and binding arbitral award in relation to a dispute with a US company awarding D1 Oils Trading Limited the sum of £4.2m. Steps have been initiated to recover the amount due.

31. Contingent liabilities

Between 10 August 2004 and 26 November 2004, D1 entered into a number of agreements in India with Nandan Biomatrix Limited ("Nandan"), an Indian plant science company, for the supply and development of Jatropha seeds. On 17 June 2005, Nandan submitted a claim to D1 for Rupees (Rs) 80,796,029 (approximately £1.0m) alleging that D1 was in breach of these agreements and that a termination agreement (extinguishing Nandan's claims) was a forgery. D1 considers these claims groundless. On 19 March 2009, Nandan initiated arbitration at the Singapore International Arbitration Centre to recover Rs 100,796,029 (approximately £1.3m). D1 continues to contest these proceedings.

32. Capital commitments

At the end of the year capital commitments were:

	2008 £000	2007 £000
Contracted but not provided for in the accounts	**—**	1,967.7

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 will be held at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH on 23 July 2009 at 11:30 a.m. to transact the following business:

Ordinary business

1. To receive the annual accounts of the Company for the financial year ended 31 December 2008 together with the Directors' report for that financial year and the auditors' report on those accounts.

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 and to authorise the Directors to fix the auditors' remuneration.

3. To re-appoint as a Director of the Company, Brian Alan Myerson, who was appointed since the last annual general meeting and retires under Article 93 of the Company's Articles of Association.

4. To re-appoint as a Director of the Company, Benjamin Richard Good, who was appointed since the last annual general meeting and retires under Article 93 of the Company's Articles of Association.

5. To re-appoint as a Director of the Company, Henk Jean Pierre Joos, who was appointed since the last annual general meeting and retires under Article 93 of the Company's Articles of Association.

Special business

To consider and, if thought fit, pass the following resolutions of which resolutions 6 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions:

Ordinary resolutions

6. THAT, in accordance with section 366 of the Companies Act 2006, the Company and its subsidiaries are hereby authorised to:

   6.1. make political donations to political organisations or independent election candidates, as defined in sections 363 and 364 of the Companies Act 2006, not exceeding £30,000 in total; and

   6.2. incur political expenditure, as defined in section 365 of the 2006 Act, not exceeding £30,000 in total, during the period commencing on the date of this resolution and ending on 23 July 2010 or, if sooner, the conclusion of the next annual general meeting of the Company.

7. THAT, the Directors be and they are hereby generally and unconditionally authorised, in substitution for the authority given pursuant to paragraph (c) of the special resolution of the Company passed on 27 July 2007, in accordance with section 80 of the Companies Act 1985 (the "Act"), to exercise all powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £241,190.89 in connection with the option and relationship agreement dated 29 June 2007 between the Company and BP International Limited (as amended and restated from time to time) (the "Option Agreement") and the allotment pursuant to the Option Agreement of up to 24,119,089 new Ordinary Shares, provided that this authority will expire at the end of the Option Period (as defined in the Option Agreement) 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 this authority had not expired.

8. THAT, in substitution for all existing authorities under that section save for that contained in paragraph 7 above, the Directors be and they are hereby generally and unconditionally authorised, in accordance with section 80 of the Act, to exercise all powers of the Company to allot relevant securities (as defined in that section) up to a maximum aggregate nominal amount of £502,481.02 (50,248,102 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) $= 1/3 \times \frac{(126{,}625{,}219+w)}{100}$

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

9. THAT, subject to and conditional upon the passing of resolution 7, and in substitution for the authority given pursuant to paragraph (e) of the special resolution of the Company passed on 27 July 2007, the Directors be and they are hereby given power, in accordance with section 95 of the Act to allot equity securities for cash (within the meaning of section 94 of the Act) as if section 89(1) of the Act did not apply to the allotment provided that such power shall be limited to the allotment (pursuant to the authority conferred by paragraph 7 above) of up to an aggregate nominal amount of £241,190.89 in connection with the allotment of up to 24,119,089 new Ordinary Shares pursuant to the Option Agreement and the power conferred shall expire at the end of the Option Period 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.

10. THAT, subject to and conditional upon the passing of resolution 8 the Directors be and they are hereby given power, in substitution for all existing authorities under that section save for that contained in paragraph 9 above, in accordance with section 95 of the Act to allot equity securities for cash (within the meaning of section 94 of the Act) pursuant to the authority conferred by resolution 8 above as if section 89(1) of the Act did not apply to the allotment provided that such power shall be limited to:

    10.1. 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:

        10.1.1. fractional entitlements; or

        10.1.2. directions from any holders of shares to deal in some other manner with their respective entitlements; or

        10.1.3. legal or practical problems arising in any overseas territory; or

Special business continued
Special resolutions continued

10.1.4. the requirements of any regulatory body or stock exchange; and

10.2. the allotment (otherwise than pursuant to paragraph 9 and sub-paragraph 10.1 above) of equity securities up to an aggregate nominal amount of £75,372.15 (7,537,215 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.

Explanatory notes
Resolutions 7 and 9 – Authority to allot securities
The option and relationship agreement dated 29 June 2007 between the Company and BP International Limited ("BP") (the "Option Agreement") granted BP the option to acquire new ordinary shares representing up to 16% of the total issued share capital of the Company (after exercise of the option in full). Since the date of the Option Agreement, the Company has issued further shares.

The existing authorities to allot shares to BP as granted by the resolutions passed at the extraordinary general meeting held on 27 July 2007 are only in respect of an aggregate nominal amount of £117,254.67 (namely up to 11,725,467 new ordinary shares). The Company now wishes to pass "refresher" resolutions at the 2009 annual general meeting to renew the Directors' authority to allot securities in connection with the Option Agreement, and to reflect the current total issued share capital.

Resolution 8 – Authority to make donations to political organisations and to incur political expenditure
Part 14 of the Companies Act 2006, 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 2006 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.

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

Pinsent Masons Secretarial Limited
Company Secretary
1 Park Row
Leeds LS1 5AB
26 June 2009

Notes

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend and vote instead of him. The proxy need not be a member of the Company.
2. To be effective, the instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the Company's registrars, Capita Registrars, Proxy Dept., PO Box 25, Beckenham, Kent BR3 4BR not less than 48 hours before the time for holding the meeting. You may also deliver the same by hand to The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. A form of proxy is enclosed with this notice. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.
3. The following documents will be available for inspection at the registered office of the Company during usual business hours from the date of this notice until the date of the meeting and at the venue of the meeting for at least 30 minutes prior to and at the meeting:

   (a) copies of all Directors' service contracts; and

   (b) the current Memorandum and Articles of Association of the Company.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company at 11:30 a.m. on 21 July 2009 shall be entitled to attend and vote at the Annual General Meeting or, if the meeting is adjourned, 11:30 a.m. on the date being two days prior to the date fixed for the adjourned meeting. Changes to entries on the register of members after 11:30 a.m. on the relevant date shall be disregarded in determining the right of any person to attend or vote at the meeting.
5. To appoint more than one proxy you may photocopy the proxy form. Please include the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also include if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

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 Meeting 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 to be held at the offices of Pinsent Masons LLP, CityPoint, One Ropemaker Street, London EC2Y 9AH on 23 July 2009 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 Resolution	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. Ordinary resolution – to re-appoint Brian Alan Myerson as a Director.		
4. Ordinary resolution – to re-appoint Benjamin Richard Good as a Director.		
5. Ordinary resolution – to re-appoint Henk Jean Pierre Joos as a Director.		
Special business Resolution	For	Against
6. Ordinary Resolution – to approve certain political donations and expenditure.		
7. Ordinary Resolution – to authorise the Directors pursuant to section 80 of the Act to allot relevant securities up to an aggregate nominal amount of £241,190.89 (in respect of the Option Shares).		
8. Ordinary Resolution – authorise the Directors (by way of updated general authority pursuant to section 80 of the Act) to allot relevant securities (as defined for the purposes of that section) up to an aggregate nominal amount representing approximately one third of the total issued share capital of the Company (and taking into account the issue of Option Shares from time to time).		
9. Special Resolution – authorise the Directors pursuant to section 95 of the Act to allot the Option Shares for cash without making a pre-emptive offer to Shareholders.		
10. Special Resolution – authorise the Directors (by way of updated general authority pursuant to section 95 of the Act) to allot relevant securities (as defined for the purposes of that section) for cash up to an aggregate nominal amount representing approximately 5 per cent of the total issued share capital of the Company (and taking into account the issue of Option Shares from time to time).		

Date 2009

.....

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

Notes

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 Meeting 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. 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.
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, Proxy Dept., PO Box 25, Beckenham, Kent BR3 4BR not less than 48 hours before the time for holding the meeting. You may also deliver 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.

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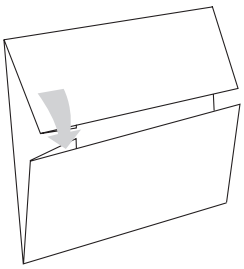

Capita Registrars
Proxy Dept.
PO Box 25
Beckenham
Kent
BR3 4BR

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D1 Oils plc

D1 Oils plc
33–37 Charterhouse Square
London EC1M 6EA
United Kingdom
Tel: +44 (0)20 7367 5600
Fax: +44 (0)20 7367 5619