

Growing
Energy
Solutions



D1 Oils plc



D1 Oils plc Interim report 2009

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 new unified management team has made a strong start to restructuring and streamlining operations. We believe the Company is now well positioned to implement a business plan that will demonstrate value within existing cash reserves. We will continue to focus on our use of cash across the Group, tightening our geographic focus and concentrating on investment in plant science and realising delivery of crude *Jatropha* oil and co-products from our existing planting. Cash flow forecasts approved by the Board show that the Group will remain cash positive at least until the end of 2010.”

Ben Good, Chief Executive Officer

Highlights

Operations

- Total planting of Jatropha in which D1 has an interest as at 30 June 2009 is approximately 220,000 hectares
- Third-party agreement for the supply of plant science and planting technology and services to Bedford Biofuels
- Precision animal feed trials proceeding successfully

Corporate developments

- D1 successfully reorganised as a unified Group following agreement with BP to acquire its 50 per cent interest in D1-BP Fuel Crops Limited
- Reorganisation into three business groups: Operations; Science and Technology; and Business Development

Financials

- Group turnover from continuing operations of £1.5m (June 2008: £2.2m)
- Cash and cash equivalents and term deposits as at 31 August 2009 of £12.0m
- Forecast to be cash positive until end 2010
- Net loss from continuing operations of £2.8m (June 2008: £5.7m)

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“Biodiesel will form a growing proportion of global energy use over the next decade, particularly in developing countries. D1 Oils concentrates exclusively on the commercial development of *Jatropha curcas*. We are well positioned to capitalise on our experience in planting and husbandry and our established lead in the science and technology of the crop.”

Brian Myerson, Chairman

Chairman and Chief Executive Officer's Report

During the first half of 2009 we continued to restructure the business to concentrate exclusively on the commercial development of *Jatropha curcas* and the delivery of the products, services and technology required for its cultivation.

In July 2009 we announced that we had reached an agreement with BP International (BP) to acquire its 50 per cent interest in D1-BP Fuel Crops Limited (D1-BP Fuel Crops or the Joint Venture; now renamed D1 Oils Fuel Crops Limited), our global *Jatropha* planting joint venture. The agreement takes back into D1's sole ownership the Joint Venture's global planting assets and interests, whilst leaving in place substantially all its existing cash resources. The purchase price under this agreement was at a significant discount to the Joint Venture's net asset value and was structured to achieve a low cash outlay, whilst maintaining alignment between D1 and BP for the future. BP will retain an interest in D1's planting activities through an amended option and relationship agreement. We have also agreed to maintain an ongoing dialogue in relation to the potential supply of crude *Jatropha* oil (CJO) to BP.

In our 2008 annual report, published in June 2009, we stated that this transaction would enable us to restructure the business to achieve cost savings and pursue near term revenue opportunities. This announcement outlines our progress in these areas.

Reorganisation

The acquisition of BP's shareholding has enabled us to undertake the planned reorganisation and reintegration of our business in order to achieve improved operational focus and substantial cost savings. The existing planting and plant science structure will be restructured to create three business groups:

- an Operations group to deliver value from existing planting interests;
- a Science and Technology group to deliver our research and development programme; and
- a Business Development group to attract third party revenues by marketing our planting know-how and technology capabilities.

We are currently consolidating the central and support activities for these business groups to reduce overlap in both Europe and the planting regions.

Operations Group

Our Operations group will focus on the most commercially viable areas of *Jatropha* planting. Total planting of *Jatropha* in which D1 has an interest as at 30 June 2009 is approximately 220,000 hectares. This planting has the potential to generate an annuity-type income stream, the value of which very substantially exceeds D1's current enterprise value. Substantially all of the existing area is planted under contract farming arrangements and we are not currently planning significant additional planting beyond this footprint.

It is essential over the coming year that we demonstrate to investors our ability to extract maximum value from our existing planting interests, through raising yields, proving the viability of supply chain logistics and developing markets for oil and co-products. Key business milestones for 2009/2010 for the Group include:

- major grain collection in north east India;
- yield data and managed plantation economics from first harvests in Malawi;
- yield data for four year old trees in central India; and
- demonstration of supply chain economics in Zambia and India.

Science and Technology Business Group

The majority of global planting of *Jatropha curcas* to date has been carried out using uncultivated seed, the performance of which may be unpredictable in terms of grain and oil yield. Until the establishment of the Group's plant science programme in 2006, relatively little commercial research and development had been undertaken to improve husbandry practices, increase yields of grain and oil per hectare, optimise oil quality, or develop commercial applications for co-products such as meal (seedcake). Since D1 established its dedicated plant science team, we have become recognised in the emerging *Jatropha* planting industry as leading experts in what to plant, how and where to plant it, and how to process the harvest and maximise value from co-products.

Our expertise in these areas we believe both differentiates D1 from competing biofuels businesses and underpins our other activities with evidence-based research on seed technology, practical husbandry and co-product development. The long-term strategic value of these capabilities is clear, particularly if over the next decade *Jatropha* becomes, as we believe it will, a globally established energy crop.

Our aim is therefore to maintain our lead and to demonstrate progress in achieving the key business milestones for 2009/2010. These include:

- the publication of first-phase technical manuals for outgrowers in each planting region;
- production of the first parent seed for the most promising *Jatropha* selections identified to date;
- the release to farmers of the first commercial seed;
- the development of the first commercial pilot plant for purifying *Jatropha* meal for animal feed; and
- product registration in key end-use markets for our animal feed product.

Progress against such markers is essential to demonstrate our ability to realise value for shareholders.

Business Development Group

The reorganisation following the acquisition of BP's share of planting operations opens up opportunities to generate significant short-term revenue from working with third parties. We are therefore seeing growing interest in the purchase of technical consulting services in breeding, planting and crop husbandry, and in the licensing of co-product technology from third-party plantation developers. Besides bringing in immediate revenue, this emerging market also enables us to support the growth of the *Jatropha* sector and to maintain and extend our leadership position within it.

In July we announced our first third-party agreement for the supply of plant science and planting technology and services to Bedford Biofuels, a privately held Canadian company with *Jatropha* operations in Kenya and Zambia. Under the terms of the five-year subscription agreement, D1 will license technology acquired through our agronomy research and breeding programme. Intellectual property rights will remain in D1's ownership. We have also recently signed a consultancy contract with a major development project in Haiti, sponsored by USAID, to report on suitability for *Jatropha* cultivation in a number of areas in Haiti. In addition, we are in discussions with a range of parties with a view to further expanding the revenue base.

Finance

Group revenue from continuing operations of £1.5m (June 2008: £2.2m) reflects the revenue value of plant science services provided to the Joint Venture. These services were charged on a cost-plus basis. The net loss from continuing operations of £2.8m (June 2008: £5.7m) is a result of the profit element of plant science services being more than offset by two factors: the cost of plant science R&D programme, which was not directly charged to D1-BP Fuel Crops, and Group overheads.

The net loss from discontinued operations of £0.1m (June 2008: £7.4m) is a result of the activities to wind up the Group's refining and trading operations. At 30 June 2009, the Group retained two dormant refining and trading sites at Bromborough and Middlesbrough. In July 2009, the Group completed the disposal of its Middlesbrough site and is in the process of disposing of associated assets. Once finalised, the proceeds are expected to equal the £1m book value attributed to the Middlesbrough assets at 30 June 2009. We have already received the proceeds from the site sale which were mostly used to pay off the mortgage obligation of £0.7m. Various parties continue to express interest in the Bromborough site.

In June 2009, the Group reached agreement to terminate for £2m its long-term lease in relation to four D1-20 refining units based at Middlesbrough. Although the D1-20 units had previously been impaired to nil, the lease liability at the date of termination was £2.4m, resulting in a settlement gain of £0.4m which is reflected in the result for discontinued operations.

As required by IFRSs, no loss from the Group's 50 per cent share of the D1-BP Fuel Crops joint venture was recognised in 2009 following the full impairment of the Group's interest in its associate in 2008 (June 2008: £3.2m loss). In July 2009, the Group acquired the remaining 50 per cent of the Joint Venture in return for an immediate cash payment to BP of £0.5m. D1 has also agreed to pay BP, by way of deferred consideration, £30 for every tonne of the first 20,000 tonnes of CJO, up to a maximum of £600,000, produced by the D1 Group and sold to third parties. To the extent not already paid, the £600,000 deferred consideration is payable by D1 at the latest by 31 December 2014. The terms of the existing share options BP held in D1 Oils plc were also revised but have been provisionally valued by Group management at nil. Following the full acquisition of the Joint Venture, provision of plant science services to D1-BP Fuel Crops will no longer give rise to external revenue.

The reduction in provisions from £5.8m at 31 December 2008 to £1.2m at 30 June 2009 primarily reflects the settlement of the £5m planting provision with BP in February 2009.

The overall loss for the period was £2.9m (June 2008: £13.1m). The basic and diluted loss per share was 2.31p (June 2008: 16.47p).

The Group's cash and cash equivalents and term deposits at 30 June 2009 were £8.4m (June 2008: £22.2m). In addition, at 30 June 2009, D1-BP Fuel Crops held cash and cash equivalents of £6.1m. At 31 August 2009, the Group (including D1-BP Fuel Crops) held cash and cash equivalents of £12.0m.

Cash flow forecasts recently approved by the Board show the Group as adequately funded to the end of 2010.

Outlook

We believe that biodiesel will form a growing proportion of global energy use over the next decade, particularly in developing countries, and that Jatropa's strong sustainability credentials offer a solution to the shortcomings of many first generation sources of biodiesel. We are seeing an increasing amount of new investment in Jatropa projects worldwide, and this offers an opportunity for D1 to capitalise on our established lead in the science and technology of the crop and our experience in planting and husbandry.



Brian Myerson
Non-Executive Chairman
7 September 2009



Ben Good
Chief Executive Officer

Consolidated interim income statement

unaudited results for the six months ended 30 June 2009

	Note	Six months ended 30 June 2009 Unaudited £000	Six months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Group revenue	2	1,537.3	2,158.2	4,168.9
Cost of sales		(1,359.2)	(1,331.2)	(3,023.5)
Gross profit		178.1	827.0	1,145.4
Administrative expenses		(3,197.8)	(3,499.9)	(8,730.2)
Trading loss		(3,019.7)	(2,672.9)	(7,584.8)
Share of post-tax losses of joint ventures accounted for using the equity method		—	(3,248.0)	(8,675.0)
Impairment of investments		—	—	(6,660.5)
Group operating loss from continuing operations		(3,019.7)	(5,920.9)	(22,920.3)
Finance income		229.5	328.4	1,205.0
Finance costs		—	(72.8)	(57.0)
Loss for the period from continuing operations before taxation		(2,790.2)	(5,665.3)	(21,772.3)
Tax expense		(18.1)	—	(20.9)
Loss for the period from continuing operations		(2,808.3)	(5,665.3)	(21,793.2)
Discontinued operations				
Loss for the period from discontinued operations	3	(107.7)	(7,410.0)	(11,773.5)
Total loss for the period		(2,916.0)	(13,075.3)	(33,566.7)
Loss for the period attributable to equity holders of the parent		(2,916.0)	(13,075.3)	(33,566.7)
Loss per ordinary share				
Basic and diluted loss per ordinary share (pence)	4	(2.31)	(16.47)	(30.84)
Basic and diluted loss per ordinary share from continuing operations (pence)	4	(2.22)	(7.14)	(20.02)

The cost of sales comparatives for the six months ended 30 June 2008 have been split out from administrative costs. The cost of sales of £1.3m for the year ended 30 June 2008 reflects the costs incurred to generate plant science revenue of £2.2m.

Consolidated interim statement of comprehensive income

unaudited results for the six months ended 30 June 2009

	Six months ended 30 June 2009 Unaudited £000	Six months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Loss for the period	(2,916.0)	(13,075.3)	(33,566.7)
Income and expense recognised directly in equity			
Exchange difference on retranslation of foreign operations	—	(178.9)	—
Net income recognised directly in equity	—	(178.9)	—
Transfers to the income statement			
Transfer of foreign exchange reserves to the income statement	(29.2)	—	(710.9)
Net transfers to the income statement	(29.2)	—	(710.9)
Total recognised income and expense for the period	(2,945.2)	(13,254.2)	(34,277.6)
Attributable to:			
Equity holders of the parent	(2,945.2)	(13,254.2)	(34,277.6)

Consolidated interim statement of changes in equity

unaudited results for the six months ended 30 June 2009

	Share capital Unaudited £000	Share premium Unaudited £000	Own shares held Unaudited £000	Merger reserve Unaudited £000	Revenue reserve Unaudited £000	Share option reserve Unaudited £000	Currency translation reserve Unaudited £000	Total Unaudited £000
At 1 January 2008	622.4	85,051.4	(484.0)	437.7	(66,451.2)	12,787.0	(681.7)	31,281.6
Total recognised income and expense	—	—	—	—	(13,075.3)	—	(178.9)	(13,254.2)
Issue of shares – net of expenses	643.9	14,238.9	—	—	—	—	—	14,882.8
Share-based payments	—	—	—	—	501.0	—	—	501.0
At 1 July 2008	1,266.3	99,290.3	(484.0)	437.7	(79,025.5)	12,787.0	(860.6)	33,411.2
Total recognised income and expense	—	—	—	—	(21,202.3)	—	889.8	(20,312.5)
Share-based payments	—	—	—	—	148.0	—	—	148.0
At 1 January 2009	1,266.3	99,290.3	(484.0)	437.7	(100,079.8)	12,787.0	29.2	13,246.7
Total recognised income and expense	—	—	—	—	(2,945.2)	—	(29.2)	(2,974.4)
Share-based payments	—	—	—	—	280.9	—	—	280.9
At 30 June 2009	1,266.3	99,290.3	(484.0)	437.7	(102,744.1)	12,787.0	—	10,553.2

Consolidated interim balance sheet

unaudited results as at 30 June 2009

	Note	As at 30 June 2009 Unaudited £000	As at 30 June 2008 Unaudited £000	As at 31 December 2008 Audited £000
Assets				
Non-current assets				
Property, plant and equipment		371.2	336.2	502.3
Intangible assets		3.1	53.7	6.6
Investments accounted for using the equity method		—	11,765.6	—
		374.3	12,155.5	508.9
Current assets				
Inventories		18.8	42.2	20.3
Trade and other receivables		1,849.3	3,169.7	815.0
Other financial assets	5	—	14,359.2	5,072.4
Cash and short-term deposits		8,408.0	7,881.1	15,055.9
		10,276.1	25,452.2	20,963.6
Assets held for resale	3	3,132.9	7,020.7	3,141.8
Total assets		13,783.3	44,628.4	24,614.3
Equity and liabilities				
Current liabilities				
Trade and other payables		(907.0)	(1,047.3)	(1,096.4)
Interest-bearing loans and borrowings		(690.0)	(558.5)	(3,286.8)
Accruals and deferred income		(448.2)	(1,540.2)	(1,183.5)
Other financial liabilities		(0.8)	—	—
Provisions		(1,184.1)	(5,028.7)	(5,801.0)
		(3,230.1)	(8,174.7)	(11,367.7)
Non-current liabilities				
Interest-bearing loans and borrowings		—	(3,042.5)	—
		—	(3,042.5)	—
Total liabilities		(3,230.1)	(11,217.2)	(11,367.7)
Net assets		10,553.2	33,411.2	13,246.6
Capital and reserves				
Equity share capital		1,266.3	1,266.3	1,266.3
Share premium		99,290.3	99,290.3	99,290.3
Own shares held		(484.0)	(484.0)	(484.0)
Other reserves		437.7	437.7	437.7
Revenue reserves		(102,744.1)	(79,025.5)	(100,079.9)
Share option reserve		12,787.0	12,787.0	12,787.0
Currency translation reserve		—	(860.6)	29.2
Equity shareholders' funds		10,553.2	33,411.2	13,246.6

Consolidated interim statement of cash flows
 unaudited results for the six months ended 30 June 2009

	Six months ended 30 June 2009 Unaudited £000	Six months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Operating activities			
Loss for the period	(2,916.0)	(13,075.3)	(33,566.7)
<i>Adjustments to reconcile loss for the period before tax to net cash flow from operating activities:</i>			
Depreciation of property, plant and equipment, and amortisation of intangible assets	84.9	51.5	135.0
Impairment of fixed assets	8.9	1,674.7	5,562.2
Impairment of investments	—	—	6,660.5
Share-based payments	281.0	501.0	649.0
Loss/(profit) on disposal of fixed assets	21.9	—	—
Share of post-tax losses of joint ventures accounted for using the equity method	—	3,248.0	8,675.0
Finance income	(634.5)	(328.6)	(1,205.0)
Finance expense	61.7	173.5	244.4
Income tax expense	(29.8)	—	(226.5)
Tax paid	15.0	—	(24.0)
Decrease/(increase) in inventories	1.5	2,178.1	2,029.9
Decrease/(increase) in trade and other receivables	(929.7)	764.2	3,554.1
Decrease/(increase) in other financial assets	—	—	1,749.2
Increase/(decrease) in trade and other payables	(924.7)	(2,594.5)	(1,766.4)
Increase/(decrease) in other financial liabilities	0.8	—	(1,135.3)
Increase/(decrease) in provisions	(4,616.9)	2,028.7	2,801.0
Net cash flow from operating activities	(9,575.9)	(5,378.5)	(5,863.6)
Investing activities			
Interest received	275.3	513.4	1,075.2
Payments to acquire property, plant and equipment, and intangible assets	(10.0)	(2,011.2)	(2,033.3)
Funds transferred to deposits	4,986.3	(3,337.6)	4,096.0
Net cash flow from investing activities	5,251.6	(4,835.4)	3,137.9

Consolidated interim statement of cash flows continued

unaudited results for the six months ended 30 June 2009

	Six months ended 30 June 2009 Unaudited £000	Six months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Financing activities			
Interest paid	(61.7)	(173.5)	(244.4)
Proceeds of share issue (net of expenses)	—	14,882.8	14,882.8
New borrowings	—	39.3	—
Repayment of mortgage	(30.0)	(30.0)	(60.0)
Repayment of capital element of finance leases	(2,161.8)	(228.3)	(453.3)
Net cash flow from financing activities	(2,253.5)	14,490.3	14,125.1
Net increase/(decrease) in cash and cash equivalents	(6,577.8)	4,276.4	11,399.4
Cash and cash equivalents at the start of the period	15,055.9	3,596.6	3,596.6
Effects of exchange rates on cash at the start of the period	(70.1)	(11.9)	59.9
Cash and cash equivalents at the end of the period	8,408.0	7,861.1	15,055.9

Cash and cash equivalents comprises the following:

	Six months ended 30 June 2009 Unaudited £000	Six months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Cash at bank and in hand	3,388.0	7,881.1	2,894.1
Short-term deposits	5,020.0	—	12,161.8
Short-term borrowings and overdrafts	—	(20.0)	—
	8,408.0	7,861.1	15,055.9

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

Notes to the interim financial statements

unaudited results for the six months ended 30 June 2009

1. Basis of preparation

This interim report, which does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006, was approved by the Board on 7 September 2009. The condensed set of financial statements of this interim report has been prepared in accordance with accounting policies which will be adopted in presenting the full year annual report and accounts for the year ending 31 December 2009.

The full year annual report and accounts will be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Group has not applied IAS 34 *Interim Financial Reporting* in the preparation of these condensed interim financial statements, as it is not mandatory for AIM-listed companies.

The financial information for the full preceding year does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the statutory accounts for the financial year ended 31 December 2008. Those accounts, upon which the auditors' report included a reference to matters which the auditors drew attention to by way of emphasis without qualifying the audit report and which did not contain a statement under either Section 237 (2) or Section 237 (3) of the Companies Act 1985, have been delivered to the Registrar of Companies.

Fundamental accounting concept

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

As discussed in the Report of the Chairman and the Chief Executive Officer in the financial statements for the year ended 31 December 2008, 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.

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 integration of D1-BP Fuel Crops, successfully restructuring the existing operations to reduce significantly 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 cash flow 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 Jatropa 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'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 has adequate resources to continue in operational existence for the foreseeable future. Consequently the Directors believe that it is appropriate to prepare the interim 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.

Notes to the interim financial statements continued

unaudited results for the six months ended 30 June 2009

1. Basis of preparation continued

Significant accounting policies

The accounting policies adopted in the preparation of the Group's interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2008, except for the adoption of new Standards and Interpretations as of 1 January 2009 listed below:

- IFRS 2 *Share-based payment – vesting conditions and cancellations*. The Standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment is not expected to have a material impact on the financial position or performance of the Group.
- IFRS 8 *Operating segments*. This Standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this Standard is not expected to have any effect on the financial position or performance of the Group.
- IAS 1 *Revised presentation of financial statements*. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

Improvements to IFRSs

In May 2008, the International Accounting Standards Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The standards are:

- IAS 1 *Presentation of financial statements*
- IAS 16 *Property, plant and equipment*
- IAS 23 *Borrowing costs*
- IAS 38 *Intangible assets*

The amendments to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 5 *Non-current assets held for sale and discontinued operations*
- IFRS 7 *Financial instruments: disclosures*
- IAS 1 *Presentation of financial statements*
- IAS 8 *Accounting policies, change in accounting estimates and errors*
- IAS 10 *Events after the reporting period*
- IAS 16 *Property, plant and equipment*
- IAS 18 *Revenue*
- IAS 19 *Employee benefits*
- IAS 23 *Borrowing costs*
- IAS 38 *Intangible assets*

2. Segmental information

The Group operates in a number of different business sectors. An analysis of the revenue and operating profit for each sector for the financial period is set out below.

	Six months ended 30 June 2009 Unaudited £000	Six months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Revenue			
Plant science	1,537.3	2,158.2	4,168.9
Refining and trading (discontinued operation)	1.7	2,893.8	2,904.4
Group total	1,539.0	5,052.0	7,073.3
Operating loss			
Plant science	(833.3)	284.1	(163.0)
Agronomy	—	—	(2,000.0)
D1-BP Fuel Crops	—	(3,248.0)	(15,335.5)
Refining and trading (discontinued operation)	(498.9)	(7,309.4)	(11,833.5)
	(1,332.2)	(10,373.9)	(29,332.0)
Corporate	(2,186.4)	(2,957.0)	(5,421.8)
Group total	(3,518.6)	(13,230.3)	(34,753.8)

Subsequent to the full acquisition of D1-BP Fuel Crops in July 2009, the Group intends to reorganise its continuing operations into the following business units: Operations, Science and Technology, Business Development and Corporate.

3. Discontinued operations

On 9 April 2008, the Group announced the decision of its Board to cease biodiesel refining and trading operations. The two refining sites at Middlesbrough and Bromborough in the UK were closed. Closure of these businesses resulted in the sites and refining equipment being reclassified from plant, property and equipment to assets held for sale. Negotiations to sell the remaining 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 30 June 2009, the refining and trading operations remained classified as discontinued operations and the site and refining equipment as assets held for sale.

	Six months ended 30 June 2009 Unaudited £000	Six months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Revenue	1.7	2,893.8	2,904.4
Administrative expenses	(500.6)	(8,528.5)	(9,175.7)
Trading loss	(498.9)	(5,634.7)	(6,271.3)
Asset impairment	—	(1,674.7)	(5,562.2)
Group operating loss from discontinued operations	(498.9)	(7,309.4)	(11,833.5)
Finance income	405.0	—	—
Finance costs	(61.7)	(100.6)	(187.4)
Loss from discontinued operations before taxation	(155.6)	(7,410.0)	(12,020.9)
Tax expense	47.9	—	247.4
Loss for the period from discontinued operations	(107.7)	(7,410.0)	(11,773.5)

Notes to the interim financial statements continued

unaudited results for the six months ended 30 June 2009

3. Discontinued operations continued

Loss per ordinary share

	Six months ended 30 June 2009 Unaudited Number	Six months ended 30 June 2008 Unaudited Number	Year ended 31 December 2008 Audited Number
Weighted average number of shares in issue	126,431,574	79,381,728	108,840,317
	Pence	Pence	Pence
Basic and diluted loss per ordinary share from discontinued operations	(0.09)	(9.33)	(10.80)

The number of shares in issue at 31 December 2008 and at 30 June 2009 was 126,625,219. For the purposes of calculating the loss per ordinary share the weighted average number of shares excludes 193,645 shares held by the D1 Oils plc Employee Benefit Trust. The diluted loss per share does not differ from the basic loss per share as the share options are anti-dilutive.

For the purposes of calculating the loss per share on discontinued operations, the following profit figures were used:

	Six months ended 30 June 2009 Unaudited £000	Six months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Loss for the period attributable to equity holders of the parent from discontinued operations	(107.7)	7,409.4	(11,773.5)

The carrying value of assets held as available for sale is set out below:

	Six months ended 30 June 2009 Unaudited £000	Six months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Property	3,000.0	3,000.0	3,000.0
Plant and equipment	—	3,870.1	—
Environmental insurance prepayment	132.9	150.6	141.8
Assets classified as available for sale	3,132.9	7,020.7	3,141.8

4. Loss per ordinary share

	Six months ended 30 June 2009 Unaudited Number	Six months ended 30 June 2008 Unaudited Number	Year ended 31 December 2008 Audited Number
Weighted average number of shares in issue	126,431,574	79,381,728	108,840,317
	Pence	Pence	Pence
Basic and diluted loss per ordinary share for the period	(2.31)	(16.47)	(30.84)
Basic and diluted loss per ordinary share from continuing operations	(2.22)	(7.14)	(20.02)

The number of shares in issue at 31 December 2008 and at 30 June 2009 was 126,625,219. For the purposes of calculating the loss per ordinary share the weighted average number of shares excludes 193,645 shares held by the D1 Oils plc Employee Benefit Trust. The diluted loss per share does not differ from the basic loss per share as the share options are anti-dilutive.

4. Loss per ordinary share continued

For the purposes of calculating earnings per share, the following profit figures were used:

	Six months ended 30 June 2009 Unaudited £000	Six months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Loss for the period attributable to equity holders of the parent from continuing operations	(2,808.3)	(5,665.9)	(21,793.2)
Loss for the period attributable to equity holders of the parent from discontinued operations	(107.7)	(7,409.4)	(11,773.5)
Total loss for the period attributable to equity holders of the parent	(2,916.0)	(13,075.3)	(33,566.7)

5. Other financial assets

Other financial assets comprises the following:

	Six months ended 30 June 2009 Unaudited £000	Six months ended 30 June 2008 Unaudited £000	Year ended 31 December 2008 Audited £000
Cash held as cash collateral against finance lease creditors	—	1,997.9	1,989.9
Cash held as collateral against third party guarantees	—	250.0	—
Other cash deposits	—	12,008.8	3,000.0
Accrued bank interest	—	102.5	82.5
	—	14,359.2	5,072.4

At 30 June 2009, all term deposits held had an original maturity of three months or less and were classified as 'cash and cash-equivalents'.

6. Post balance sheet events

In July 2009, the Group completed the disposal of its Middlesbrough site and is in the process of disposing of associated assets. Once finalised, the proceeds are expected to equal the £1m book value attributed to the Middlesbrough assets at 30 June 2009. Of the proceeds from the site sale, £0.7m was used to pay off the mortgage obligation.

On 27 July 2009, the Group bought out its joint venture partner, BP International Limited, to increase the Group's stake in D1-BP Fuel Crops Limited from 50% to 100% for £1m consideration. Consideration consisted of £0.5m cash, a share of sales of the first 20,000 tonnes of crude Jatropha oil sold valued at £0.5m and a revision of the existing share option agreement provisionally valued by management at nil using the Black-Scholes model. The Group is in the process of finalising the provisional fair value of net assets acquired.

7. Approval by the Board of Directors

The Interim Report was approved by the Board of Directors on 7 September 2009.

Independent review report

to D1 Oils plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Statement of Cash Flows and the related notes 1 to 7. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the AIM Rules issued by the London Stock Exchange which require that it is presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS, as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with AIM Rules issued by the London Stock Exchange.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with the accounting policies outlined in note 1, which comply with IFRSs as adopted by the European Union and in accordance with the AIM Rules issued by the London Stock Exchange.

Emphasis of matter – going concern

In forming our opinion on the interim 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's ability to continue as a going concern. The conditions stated in note 1 indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Ernst & Young LLP
Newcastle-upon-Tyne
7 September 2009

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Ben Good

Chief Executive Officer and Finance Director

Dr Henk Joos

Plant Science Director

Barclay Forrest OBE, FRAgS

Non-Executive Director

Moira Black CBE

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