

# **D1 Oils plc**

Interim report 2008

**30 September 2008**

**Interim results for the six months ended 30 June 2008**

D1 Oils plc announces its interim results for the six months ended 30 June 2008.

Operational Highlights

- First crude jatropha oil delivered; approximately 1,000 tonnes in 2008
- £14.9 million raised in May 2008 to allow the Company to remain cash positive through to the end of 2009; £22m cash at 30 June 2008
- 257,370 hectares planted to date; 300,000 hectares anticipated by year end

Commenting on the results, Elliott Mannis, Chief Executive Officer, said:

*“The first six months of 2008 have seen encouraging progress in our upstream operations, now the exclusive focus of the business. We have delivered our first crude jatropha oil from our plantations, and production is expected to be approximately 1,000 tonnes in 2008. Based on the Board's revised business plan, the funds raised of £14.9m in May 2008 are expected to allow the Company to remain cash positive through to the end of 2009.”*

Lord Oxburgh of Liverpool, Non-Executive Chairman, added:

*“As a leader in jatropha plant science and a significant grower of jatropha through our joint venture with BP, D1 is well positioned to supply a global biofuels market that increasingly favours fuels that are both sustainable and competitive. Encouraging progress has been made in both plant science and planting during the last six months, and we are pleased to have demonstrated through the delivery of our first crude vegetable oil the potential of jatropha as a biofuel crop.”*

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Notes to Editors:

D1 Oils plc is a biofuels technology company. Our strategy is to develop new energy crops into sustainable commercial fuels. We provide technology and services for the breeding, development, planting and harvesting of new varieties of commercial biofuel crops, focusing on alternative, sustainable feedstocks that are not subject to the same price pressures as food-grade crops. We have an established plant science and planting programme for *Jatropha curcas*, a robust, tropical oilseed bearing tree. *Jatropha* produces inedible oil feedstock for biodiesel and is able to make use of land not suitable for arable agriculture.

## Report of the Chairman and the Chief Executive Officer

D1 Oils plc ("D1 Oils" or "the Company") announces its results for the six months ended 30 June 2008.

The first half of 2008 was a period of significant development and change for the Company. We restructured the business to concentrate exclusively on upstream plant science and planting and withdrew from refining and trading activities. The principal focus is now the provision of the technology and services required to turn *Jatropha curcas* into a low-cost, sustainable crop for biodiesel.

Following the closure of our refining and trading operations, there are now two components to D1 Oils plc: a wholly-owned plant science business, D1 Oils Plant Science Limited ("DOPSL"), and a 50 per cent stake in a joint venture with BP for the global planting and harvesting of jatropha, D1-BP Fuel Crops Limited ("D1-BP Fuel Crops"). Both DOPSL and D1-BP Fuel Crops are making steady progress in developing their respective businesses.

In May 2008, our shareholders approved a placing of ordinary shares at 25 pence per share to raise £14.9 million, net of expenses. Based on the Board's revised business plan, the funds are expected to allow the Company to remain cash positive through to the end of 2009.

We believe that the fundamentals of the biofuels market favour our strategy to develop alternative non-food crops that can grow on a wide range of land types in the developing world. This strategy differentiates us from the rest of the sector.

### Plant science programme

DOPSL is the exclusive supplier to D1-BP Fuel Crops, on a cost-plus basis, of selected jatropha seedlings and related agronomy support and expertise. DOPSL will also receive royalty payments related to the future yield performance of the crop.

DOPSL's research and testing facilities, including the central breeding and development facility in Cape Verde, continue to develop. During the first half of the year, DOPSL expanded its global infrastructure network to support the ongoing planting activities of D1-BP Fuel Crops. Four new development centres have been established; one in Lusaka, Zambia, and three in India; Udaipur in Rajasthan, Golaghat in Assam and Hyderabad in Andhra Pradesh. DOPSL has increased its headcount from 51 at the beginning of the year to a current total of 92.

Approximately 50 selected accessions of jatropha plant material are currently undergoing global yield and product placement trials to identify the cultivars that are best adapted to different planting areas. The best performing material will form the basis for future selections of high-yielding commercial varieties. In addition, agronomy research trials are underway to test a range of cultivation practices. DOPSL currently has a total of 34 product placement and 39 agronomy research trial sites in operation worldwide.

DOPSL's seed orchards for the production of selected 'E1' material, capable of increased yields of oil with a good biodiesel profile, are fully operational and supplying joint venture planting. DOPSL expects to deliver sufficient seedlings to plant up to 20,000 hectares by year end. In addition, 11 new accessions showing promising results in preliminary yield trials have been put into the DOPSL multiplication process.

DOPSL is continuing to build relationships with leading agricultural and plant science research institutions. DOPSL currently has agronomy research underway with the following institutions:

- **International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) - India:** identifying jatropha with high yield potential and oil content and developing practices for both sole cropping and intercropping with food crops.
- **Kasetsart University - Thailand:** evaluating the growth and yield of food crops using jatropha seedcake as fertiliser.
- **University of Bengkulu - Indonesia:** testing the performance of jatropha in poor quality soils in Sumatra.

DOPSL is seeking to establish further similar relationships with universities and agricultural research institutions globally.

DOPSL has developed a Sustainable Oil Supply Programme (SOSP) to identify key success and risk factors for the cultivation of jatropha. The programme also monitors the implementation of policies for social, economic and environmental sustainability. With the first harvests of grain for the production of crude oil, the SOSP is producing data on the potential productivity of planting in different locations and under different cultivation regimes. This will be used for the development of a model for grain forecast and oil supply.

The data gathered by the SOSP, coupled with accumulated experience of planting in different regions, is improving husbandry practices for the crop. DOPSL is providing cultivation advice to D1-BP Fuel Crops to develop professional training programmes for the extension officers who train farmers. Planting manuals tailored to the different countries are now available, giving simple guidance and instruction in local languages on planting and maintenance. DOPSL is also working with D1-BP Fuel Crops on the development of standard operating procedures for planting and maintenance that can be applied for larger scale planting.

Jatropha planting is now sufficiently established to enable the first assessments to be made of its performance in terms of greenhouse gas emissions. We have engaged an independent agency to evaluate the profile of the supply chain for jatropha biodiesel against a range of established emissions criteria. The initial results, based on data from existing planting, are in line with our expectations and indicate that jatropha biodiesel has the potential to deliver significant levels of carbon saving compared to mineral diesel. Given the levels of carbon savings that biofuels will be required to deliver under obligation schemes in developed markets such as the UK and the EU, we believe jatropha compares favourably to other available biodiesel feedstocks. We will be subjecting the initial conclusions to peer review and gathering further data as planting matures and D1-BP Fuel Crops establishes its supply chain.

DOPSL's research and commercial trial infrastructure also has the potential to support the development of other alternative energy crops for biofuels. Early stage investigation is underway into several of these.

The protein-rich meal (seedcake) that remains after the extraction of oil from jatropha grain is currently used as either fertiliser or fuel. However, it has potentially significant economic value as animal feed. DOPSL is making encouraging progress in its programme to create high-value animal feed by extracting the residual anti-nutritional compounds otherwise present in the meal. Working with the Scottish Agricultural College and Newcastle University, DOPSL has succeeded in identifying the relevant compounds, assessing their characteristics and developing a laboratory method to remove them. DOPSL is now commissioning further tests on quantities of processed meal and is undertaking trials to prepare for the development of a large scale commercial extraction project. DOPSL is also addressing the removal of such compounds through its long-term selection and breeding programme.

### D1-BP Fuel Crops

D1-BP Fuel Crops continues to make steady progress in focusing its planting, logistics and processing operations to optimise the future global delivery of jatropha oil. Since 31 March 2008, D1-BP Fuel Crops has recorded additional net planting of 65,354 hectares. Total planting as at 19 September 2008 is 257,370 hectares. As announced in our trading statement of 31 July 2008, the ongoing pace of planting is expected to result in total net planting of approximately 300,000 hectares by the year end.

The table below shows the status of planting by region and type of contract as at 19 September 2008.

	Managed plantations	Contract farming	Seed purchase and oil supply agreements	Total hectares
India	-	143,389	44,551	187,940
South East Asia	17	30,591	24,015	54,623
Africa	1,338	879	12,590	14,807
<b>Total</b>	<b>1,355</b>	<b>174,859</b>	<b>81,156</b>	<b>257,370</b>

Notes:

The table above shows the broad geographic locations and types of arrangements associated with jatropha planting worldwide over which D1-BP Fuel Crops has rights either directly or through joint ventures and partnership arrangements and reflects hectares where the joint venture currently anticipates that planting is likely to deliver an economic harvest.

The level of investment costs and security of future oil supply are proportional to the degree of direct involvement of D1-BP Fuel Crops and its joint venture partners.

**Managed plantations** are those farms where land and labour is controlled by D1-BP Fuel Crops, either through its subsidiaries or joint venture partners. Under **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 purchase and oil supply agreements** are 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.

D1-BP Fuel Crops keeps its entire planting portfolio under ongoing review for planted area, productivity, economic viability and delivery against contract. Adjustments are made on an ongoing basis when it is determined that planting is either unlikely to deliver the requisite quantity and quality of grain, or where planting is currently too far from available facilities to make harvest and transport viable.

Planting in India has seen significant progress in the year to date, particularly as the planting season in the north east, currently the major planting area, runs from July to October. Planting with communities and farming groups in central and southern India has also been active.

In Africa, D1-BP Fuel Crops has recorded a substantial reduction in reported hectares where crop performance and outgrower management has been poor. The regional management team has been changed and strengthened, and the planting position will continue to be kept under review.

In Malawi, D1-BP Fuel Crops has begun to develop its first "cluster" of planting operations. 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. D1-BP Fuel Crops is finalising the purchase of a controlling interest in an existing jatropha plantation in Malawi, which it aims to make the centre of a new potential cluster of over 20,000 hectares within 5 years. Planting clusters of similar scope are being targeted to expand the joint venture's current area of operations in Africa. Although Africa represents a relatively small part of the current planting portfolio, it is expected to be a significant region for future development.

D1-BP Fuel Crops intends to plant in geographically focused areas to achieve economies of scale in oil production. In consequence, it is not maintaining small scale operations in certain countries, including the Philippines and Thailand, which account for 13,500 hectares in the table above. The regional management teams have nevertheless been charged to realise value from these planting contracts. In South East Asia, the current focus is on Indonesia, where growing conditions are excellent, and which accounts for the majority of the region's planting. D1-BP Fuel Crops is investing significantly to increase the quality and numbers of its extension officers in Indonesia and reviewing performance of partners against contracts.

D1-BP Fuel Crops produced its first crude oil in the first half of 2008 and expects to deliver approximately 1,000 tonnes of crude jatropha oil (CJO) globally from grain harvested in 2008. Volumes of oil will increase in 2009 as existing trees mature and younger trees become productive.

With grain now being produced from the maturing trees, D1-BP Fuel Crops is preparing to put in place expelling equipment to press the grain and produce CJO and meal. Forecast grain yields will be utilised to assess the expeller capacity required for each region. D1-BP Fuel Crops is advancing its plans to locate two expellers in north east India in partnership with the local joint venture partner,

Williamson Magor. Specifications for an expeller in Indonesia are now being finalised. Until the first expellers are operational, "toll" expelling using third party equipment is being used for initial quantities of grain.

### **Refining and trading**

We announced in our preliminary results in April 2008 our intention to withdraw from refining and trading in the UK. We have now exited these businesses and closed our two UK refining sites at Middlesbrough and Bromborough. Good progress is being made in securing offers for the refining equipment and sites and in addressing their associated obligations.

### **Finance**

The financial results for the half year ending 30 June 2008 are presented in accordance with the new structure of the group. The detail of the income statement reflects our 100 per cent ownership of the plant science business and UK group overheads; our 50 per cent owned joint venture with BP which is accounted for using the equity method; and the refining and trading segment which is accounted for as discontinued operations.

Group turnover from continuing operations of £2.2m (2007: £nil) reflects the revenue value of services provided by DOPSL to D1-BP Fuel Crops. These services are charged on a cost plus basis. The net loss of £2.7m (2007: £5.9m) is a result of the profit element of DOPSL's service being more than offset by two factors: the cost of DOPSL's R&D programme, which is not directly charged to D1-BP Fuel Crops, and UK group overheads.

In parallel with our exit from refining and trading, we have significantly reduced UK group overheads. Ongoing annualised benefits of this cost reduction, which will be realised in the second half of the year, are estimated to exceed £10m.

Our share of the losses from associates and joint ventures is £3.2m (2007: £0.2m). In 2008, this is wholly accounted for by D1-BP, and reflects the joint venture's ongoing investment in developing that business.

The overall loss for the period was £13.1m (2007: £10.3m), which includes £5.7m (2007: £5.1m) for continuing operations and £7.4m (2007: £5.3m) for discontinued operations.

As noted above, "discontinued operations" comprise refining and trading. The loss of £7.4m (2007: £5.3m) for these activities includes the gross margin from the sale of B99 material and miscellaneous inventories released as part of the site closure, less the overhead carry and reorganisation costs and the write-off of some capital expenditure incurred between January 2008 and the decision in April 2008 to exit the business. We anticipate the run rate for all these costs to reduce to a nominal level by the end of 2008. Included within the loss is a £2.0m increase in provisions, partly for redundancy costs, which have nearly all been realised since 30 June 2008, as the relevant employees have now left the Company, and partly for certain additional contractual liabilities related to these operations.

On the basis of the progress in discussions with parties interested in acquiring our refining and trading assets and liabilities, we have assessed that the current carrying values are appropriate.

Based on the Board's revised business plan, the funds of £14.9m resulting from our May 2008 fundraising are expected to allow the Company to remain cash positive through to the end of 2009. Gross cash on hand (defined as cash held in bank accounts and on deposit) as at 30 June 2008 was £22.2m (2007: £30.9m) and net cash (defined as gross cash less cash held as collateral) was £19.9m (2007: £25.2m). In the second half of 2008, we expect the operational cash requirements of the business to be substantially funded by proceeds from the anticipated sales of our refining and trading assets.

### **Management**

We welcomed two Executive Directors and one Non-Executive Director to the Board in the first half of 2008. Dr Henk Joos, Plant Science Director, and Ben Good, Finance and Commercial Director, joined the Board in May 2008. Brian Myerson, Chief Executive Officer of Principle Capital Group, whose managed funds are significant shareholders in D1, joined the Board as a Non-Executive Director in July 2008. Chris Tawney, Group Finance Director, left the Company and stepped down from the Board in May 2008 as part of the restructuring of the business.

**Outlook**

We believe that *Jatropha curcas* is a significant, alternative oilseed crop that meets the growing requirement for energy crops that will not compete with food crops for available land or threaten biodiversity. D1's position as a leading developer in jatropha plant science differentiates us significantly in a market that increasingly requires biofuels that are not only competitive but also sustainable. The delivery of the first quantities of jatropha oil from D1-BP Fuel Crops demonstrates our ability to deliver a sustainable feedstock for refining into transport fuel. We believe that the best way to generate value for shareholders is to leverage our technology and experience in jatropha and focus on the upstream breeding, planting and managing of new varieties of sustainable, commercial biofuel crops.

Elliott Mannis  
Chief Executive Officer

Lord Oxburgh of Liverpool  
Chairman

29 September 2008

## Consolidated income statement

unaudited results for the six months ended 30 June 2008

	Note	Six months ended 30 June 2008 Unaudited £000	Six months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Unaudited £000
<b>Group revenue from continuing operations</b>	2	<b>2,158.2</b>	0.8	10.1
Administrative expenses		<b>(4,831.1)</b>	(5,898.9)	(10,810.7)
<b>Trading loss</b>		<b>(2,672.9)</b>	(5,898.1)	(10,800.6)
Share of post-tax losses of associates and joint ventures accounted for using the equity method		<b>(3,248.0)</b>	(160.3)	(1,516.5)
Exceptional item – deficit on transfer of operation to joint venture		-	-	(2,764.3)
<b>Group operating loss from continuing operations</b>		<b>(5,920.9)</b>	(6,058.4)	(15,081.4)
Finance revenue		<b>328.4</b>	997.1	1,572.5
Finance costs		<b>(72.8)</b>	(31.2)	(63.9)
<b>Loss for the period from continuing operations before taxation</b>		<b>(5,665.3)</b>	(5,092.5)	(13,572.8)
Tax expense		-	-	(36.7)
<b>Loss for the period from continuing operations</b>		<b>(5,665.3)</b>	(5,092.5)	(13,609.5)
<b>Discontinued operations</b>				
Loss for the period from discontinued operations	3	<b>(7,410.0)</b>	(5,256.0)	(32,526.7)
<b>Total loss for the period</b>	2	<b>(13,075.3)</b>	(10,348.5)	(46,136.2)
Loss for the period attributable to equity holders of the parent		<b>(13,075.3)</b>	(10,348.5)	(46,136.2)
<b>Loss per ordinary share</b>				
		Pence	Pence	Pence
Basic and diluted loss per ordinary share for the period	4	<b>16.47</b>	16.88	74.85
Basic and diluted loss per ordinary share from continuing operations	4	<b>7.14</b>	8.31	22.08

## Consolidated statement of recognised income and expense

unaudited results for the six months ended 30 June 2008

	Six months ended 30 June 2008 Unaudited £000	Six months ended 30 June 2007 Unaudited £000	Year Ended 31 December 2007 Audited £000
<b>Income and expense recognised directly in equity</b>			
Losses on cash flow hedges taken to equity	-	(1,047.5)	(1,100.6)
Exchange difference on retranslation of foreign operations	(178.9)	10.5	(90.1)
<b>Net income recognised directly in equity</b>	<b>(178.9)</b>	<b>(1,037.0)</b>	<b>(1,190.7)</b>
<b>Transfers to the income statement</b>			
Losses on cash flow hedges taken to cost of sales	-	-	1,100.6
<b>Net transfers to the income statement</b>	<b>-</b>	<b>-</b>	<b>1,100.6</b>
Loss for the period	(13,075.3)	(10,348.5)	(46,136.2)
<b>Total recognised income and expense for the period</b>	<b>(13,254.2)</b>	<b>(11,385.5)</b>	<b>(46,226.3)</b>
Attributable to equity holders of the parent	(13,254.2)	(11,385.5)	(46,226.3)

## Reconciliation of movement in equity shareholders' funds

unaudited results for the six months ended 30 June 2008

	Six months ended 30 June 2008 Unaudited £000	Six months ended 30 June 2007 Unaudited £000	Year Ended 31 December 2007 Audited £000
Loss for the period	(13,075.3)	(10,348.5)	(46,136.2)
Issue of shares by the Company (net of expenses)	14,882.8	232.1	1,144.7
Share-based payments – employee share options	501.0	1,336.0	1,857.0
Share-based payments – options granted to BP	-	-	12,787.0
Cash flow hedges taken to equity	-	(1,047.5)	-
Currency translation difference	(178.9)	10.5	(90.1)
Adjustment to 2006 share issue costs	-	-	82.1
<b>Net increase/(decrease) in equity shareholders' funds</b>	<b>2,129.6</b>	<b>(9,817.4)</b>	<b>(30,355.5)</b>
Opening equity shareholders' funds	31,281.6	61,637.1	61,637.1
<b>Closing equity shareholders' funds</b>	<b>33,411.2</b>	<b>51,819.7</b>	<b>31,281.6</b>

**Consolidated balance sheet**  
 unaudited results as at 30 June 2008

	Note	As at 30 June 2008 Unaudited £000	As at 30 June 2007 Unaudited £000	As at 31 December 2007 Audited £000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		336.2	24,199.7	6,984.3
Biological assets		-	75.0	-
Intangible assets		53.7	112.2	41.3
Trade and other receivables		-	1,215.4	-
Investments accounted for using the equity method		11,765.6	-	15,180.5
Other investments		-	60.0	-
		<b>12,155.5</b>	<b>25,662.3</b>	<b>22,206.1</b>
<b>Current assets</b>				
Inventories		42.2	2,620.4	2,220.3
Trade and other receivables		3,169.7	3,759.2	4,118.7
Other financial assets	5	14,359.2	25,667.3	11,021.6
Cash and short-term deposits		7,881.1	5,203.1	3,596.6
		<b>25,452.2</b>	<b>37,250.0</b>	<b>20,957.2</b>
Assets held for resale	3	7,020.7	100.0	100.0
<b>Total assets</b>		<b>44,628.4</b>	<b>63,012.3</b>	<b>43,263.3</b>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(1,047.3)	(3,297.3)	(2,367.4)
Interest-bearing loans and borrowings		(558.5)	(732.2)	(492.9)
Accruals and deferred income		(1,540.2)	(2,420.5)	(1,678.9)
Other financial liabilities		-	(1,047.5)	(1,135.3)
Provisions		(5,028.7)	-	(3,000.0)
		<b>(8,174.7)</b>	<b>(7,497.5)</b>	<b>(8,674.5)</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings		(3,042.5)	(3,626.9)	(3,307.2)
Investments accounted for using the equity method		-	(68.2)	-
		<b>(3,042.5)</b>	<b>(3,695.1)</b>	<b>(3,307.2)</b>
<b>Total liabilities</b>		<b>(11,217.2)</b>	<b>(11,192.6)</b>	<b>(11,981.7)</b>
<b>Net assets</b>		<b>33,411.2</b>	<b>51,819.7</b>	<b>31,281.6</b>

**Consolidated balance sheet**  
 unaudited results as at 30 June 2008

		As at 30 June 2008 Unaudited £000	As at 30 June 2007 Unaudited £000	As at 31 December 2007 Audited £000
<b>Capital and reserves</b>				
Equity share capital	6	1,266.3	616.0	622.4
Share premium	6	99,290.3	84,063.1	85,051.4
Own shares held	6	(484.0)	(484.0)	(484.0)
Other reserves	6	437.7	437.7	437.7
Revenue reserves	6	(79,025.5)	(31,184.5)	(66,451.2)
Share option reserve	6	12,787.0	-	12,787.0
Currency translation reserve	6	(860.6)	(581.1)	(681.7)
Hedging reserve		-	(1,047.5)	-
<b>Equity shareholders' funds</b>		<b>33,411.2</b>	<b>51,819.7</b>	<b>31,281.6</b>

## Consolidated cash flow statement

unaudited results for the six months ended 30 June 2008

	Six months ended 30 June 2008 Unaudited £000	Six months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 * Unaudited £000
<b>Operating activities</b>			
Loss for the period before tax	(13,075.3)	(10,348.5)	(46,099.5)
Adjustments to reconcile profit before tax to net cash flow from operating activities:			
Depreciation of property, plant and equipment	51.5	462.9	863.8
Impairment of fixed assets	1,674.7	600.0	22,778.9
Impairment of goodwill	-	-	64.1
Impairment of investments	-	-	60.0
Share-based payments	501.0	1,336.0	1,857.0
Profit on disposal of investments	-	-	(7.0)
Non-cash items included within exceptional item	-	-	(2,629.6)
Share of post-tax losses of joint ventures accounted for using the equity method	3,248.0	160.3	1,516.5
Finance income	(328.4)	(997.1)	(1,286.9)
Finance expense	173.5	159.7	306.8
Decrease in inventories	2,178.1	402.9	803.3
Decrease/(increase) in trade and other receivables	764.2	(2,573.0)	(1,992.7)
Increase in other financial assets	-	-	(56.3)
(Decrease)/increase in trade and other payables	(2,594.5)	688.3	(1,489.1)
Increase in other financial liabilities	-	-	1,135.3
Increase in provisions	2,028.7	-	3,000.0
<b>Net cash flow from operating activities</b>	<b>(5,378.5)</b>	<b>(10,108.5)</b>	<b>(21,175.4)</b>
<b>Investing activities</b>			
Interest received	513.4	442.7	1,286.9
Payments to acquire property, plant and equipment	(1,998.8)	(10,776.9)	(16,580.4)
Payments to acquire intangible fixed assets	(12.4)	-	(4.7)
Funds transferred to deposits	(3,337.6)	(23,350.0)	(8,362.4)
Purchase of joint venture investments	-	-	(903.5)
Purchase of trade investments	-	(280.5)	(60.0)
Sale of trade investments	-	18.2	25.2
<b>Net cash flow from investing activities</b>	<b>(4,835.4)</b>	<b>(33,946.5)</b>	<b>(24,598.9)</b>

Six months ended 30 June	Six months ended 30 June	Year ended 31 December
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## Consolidated cash flow statement

unaudited results for the six months ended 30 June 2008

	2008 Unaudited £000	2007 Unaudited £000	2007 * Unaudited £000
<b>Financing activities</b>			
Interest paid	(173.5)	(159.7)	(306.8)
Exercise of share options	-	232.1	1,008.2
Bonus shares	-	-	136.5
Proceeds from share issue	14,882.8	-	-
New borrowings	39.3	91.9	36.4
Settlement of non-current liabilities 2006	-	-	(12.8)
Repayment of mortgage	(30.0)	(30.0)	(60.0)
Repayment of capital element of finance leases	(228.3)	(173.6)	(361.3)
<b>Net cash flow from financing activities</b>	<b>14,490.3</b>	<b>(39.3)</b>	<b>440.2</b>
Net increase/(decrease) in cash and cash equivalents	4,276.4	(44,094.3)	(45,334.1)
Cash and cash equivalents at the start of the period	3,596.6	49,024.4	49,024.4
Effects of exchange rates	(11.9)	-	(93.7)
<b>Cash and cash equivalents at the end of the period</b>	<b>7,861.1</b>	<b>4,930.1</b>	<b>3,596.6</b>

\* In order to improve the clarity of certain items in the consolidated cash flow statement, some reclassifications have been made to group together related items.

Cash and cash equivalents comprises the following:

	Six months ended 30 June 2008 Unaudited £000	Six months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Cash at bank and in hand	7,881.1	5,203.1	3,206.3
Short-term deposits	-	-	390.3
Short-term borrowings and overdrafts	(20.0)	(273.0)	-
	<b>7,861.1</b>	<b>4,930.1</b>	<b>3,596.6</b>

## Notes

unaudited results for the six months ended 30 June 2008

### 1. Basis of preparation

This interim report, which does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985, was approved by the Board on 29 September 2008. The condensed set of financial statements in 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 2008.

The full year annual report and accounts will be prepared in accordance with International Financial Reporting Standards (IFRS) 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 240 Companies Act 1985 and has been extracted from the statutory accounts for the financial year ended 31 December 2007. Those accounts, upon which the auditors issued an unqualified 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.

### 2. Segmental information

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

	Six months ended 30 June 2008 Unaudited £000	Six months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 *Unaudited £000
<b>Revenue</b>			
Plant science	2,158.2	-	10.1
Agronomy	-	0.8	-
Refining and trading	2,893.8	4,130.0	10,569.6
<b>Group total</b>	<b>5,052.0</b>	<b>4,130.8</b>	<b>10,579.6</b>
<b>Loss before tax</b>			
Plant science	284.1	-	(2,004.0)
Agronomy	-	(2,690.0)	(3,610.4)
D1-BP Fuel Crops Limited	(3,248.0)	-	(1,516.5)
Refining and trading	(7,410.0)	(5,256.0)	(32,526.7)
Exceptional	-	-	(2,764.3)
	<b>(10,373.9)</b>	<b>(7,946.0)</b>	<b>(42,421.9)</b>
Corporate	(2,701.4)	(2,402.5)	(3,677.6)
<b>Group total</b>	<b>(13,075.3)</b>	<b>(10,348.5)</b>	<b>(46,099.5)</b>

\* Following the closure of the refinery and trading operations, the Group has carried out an operational reorganisation of the business in order to align the reported activities of each business segment with the markets they serve. As a result, the segmental analysis for 2007 has been re-stated to reflect this reorganisation.

## Notes

unaudited results for the six months ended 30 June 2008

### 3. Discontinued operations

On 8 April 2008, the Directors announced their intention to cease all refining and trading activities. An analysis of the loss arising from those activities is set out below.

	Six months ended 30 June 2008 Unaudited £000	Six months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 *Unaudited £000
<b>Revenue</b>	<b>2,893.8</b>	4,130.0	10,569.7
Expenses	<b>(8,528.5)</b>	(8,657.6)	(20,074.5)
<b>Trading loss</b>	<b>(5,634.7)</b>	(4,527.6)	(9,504.8)
Asset impairment	<b>(1,674.7)</b>	(600.0)	(22,778.9)
<b>Operating loss</b>	<b>(7,309.4)</b>	(5,127.6)	(32,283.7)
Finance costs	<b>(100.6)</b>	(128.4)	(243.0)
<b>Loss for the period from discontinued operations</b>	<b>(7,410.0)</b>	(5,256.0)	(32,526.7)

### Loss per ordinary share

	Number	Number	Number
Weighted average number of shares in issue	<b>79,381,728</b>	61,312,287	61,638,732

  

	Pence	Pence	Pence
Basic and diluted loss per ordinary share from discontinued operations	<b>9.33</b>	8.57	52.77

\* Following the closure of the refinery and trading operations, the Group has carried out an operational reorganisation of the business in order to align the reported activities of each business segment with the markets they serve. As a result, the segmental analysis for 2007 has been re-stated to reflect this reorganisation.

The number of shares in issue at 31 December 2007 was 62,241,219. The number of shares in issue at 30 June 2008 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. No diluted loss per share has been disclosed as the share options are anti-dilutive.

As a result of the decision to cease refining and trading activities, assets at the Middlesbrough and Bromborough sites have been reclassified as held for resale as set out below.

	30 June 2008 Unaudited £000
Property	3,000.0
Plant and equipment	3,870.1
Environmental insurance prepayment	150.6
<b>Assets classified as held for resale</b>	<b>7,020.7</b>

## Notes

unaudited results for the six months ended 30 June 2008

### 4. Loss per ordinary share

	Six months ended 30 June 2008 Unaudited Number	Six months ended 30 June 2007 Unaudited Number	Year ended 31 December 2007 Audited Number
Weighted average number of shares in issue	<b>79,381,728</b>	61,312,287	61,638,732
	Pence	Pence	Pence
Basic and diluted loss per ordinary share for the period	<b>16.47</b>	16.88	74.85
Basic and diluted loss per ordinary share from continuing operations	<b>7.14</b>	8.31	22.08

The number of shares in issue at 31 December 2007 was 62,241,219. The number of shares in issue at 30 June 2008 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. No diluted loss per share has been disclosed as the share options are anti-dilutive.

### 5. Other financial assets

Other financial assets comprises the following:

	Six months ended 30 June 2008 Unaudited £000	Six months ended 30 June 2007 Unaudited £000	Year ended 31 December 2007 Audited £000
Cash held as cash collateral against finance lease creditors	<b>1,997.9</b>	2,317.3	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	-	1,100.0	1,112.4
Cash held as collateral against 3 <sup>rd</sup> party guarantees	<b>250.0</b>	250.0	250.0
Other cash deposits:			
- maturing less than 3 months from balance sheet date	<b>10,000.0</b>	10,000.0	5,000.0
- maturing between 3 and 9 months from balance sheet date	<b>2,008.8</b>	10,000.0	-
Accrued bank interest	<b>102.5</b>	-	285.6
Forward currency contracts	-	-	56.3
	<b>14,359.2</b>	25,667.3	11,021.6

## Notes

unaudited results for the six months ended 30 June 2008

### 6. Reconciliation of movements in equity

	Share capital	Share premium	Merger reserve	Own shares held	Profit and loss reserve	Currency translation reserve	Hedging reserve	Share option reserve	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 1 January 2007</b>	614.8	83,832.2	437.7	(484.0)	(22,172.0)	(591.6)	-	-	61,637.1
Retained loss for the period	-	-	-	-	(10,348.5)	-	-	-	(10,348.5)
Issue of shares	1.2	230.9	-	-	-	-	-	-	232.1
Share-based payments	-	-	-	-	1,336.0	-	-	-	1,336.0
Hedging reserve	-	-	-	-	-	-	(1,047.5)	-	(1,047.5)
Exchange movements	-	-	-	-	-	10.5	-	-	10.5
<b>At 1 July 2007</b>	<b>616.0</b>	<b>84,063.1</b>	<b>437.7</b>	<b>(484.0)</b>	<b>(31,184.5)</b>	<b>(581.1)</b>	<b>(1,047.5)</b>	-	<b>51,819.7</b>
Retained loss for the period	-	-	-	-	(35,787.7)	-	-	-	(35,787.7)
Issue of shares	6.4	906.2	-	-	-	-	-	-	912.6
Share-based payments	-	-	-	-	521.0	-	-	-	521.0
Issue of equity instruments	-	-	-	-	-	-	-	12,787.0	12,787.0
Hedging reserve	-	-	-	-	-	-	1,047.5	-	1,047.5
Exchange movements	-	-	-	-	-	(100.6)	-	-	(100.6)
Adjustments to 2006 share issue costs	-	82.1	-	-	-	-	-	-	82.1
<b>At 1 January 2008</b>	<b>622.4</b>	<b>85,051.4</b>	<b>437.7</b>	<b>(484.0)</b>	<b>(66,451.2)</b>	<b>(681.7)</b>	-	<b>12,787.0</b>	<b>31,281.6</b>
Retained loss for the period	-	-	-	-	(13,075.3)	-	-	-	(13,075.3)
Issue of shares – gross of expenses	643.9	15,452.1	-	-	-	-	-	-	16,096.0
Issue of shares – expenses	-	(1,213.2)	-	-	-	-	-	-	(1,213.2)
Share-based payments	-	-	-	-	501.0	-	-	-	501.0
Exchange movements	-	-	-	-	-	(178.9)	-	-	(178.9)
<b>At 30 June 2008</b>	<b>1,266.3</b>	<b>99,290.3</b>	<b>437.7</b>	<b>(484.0)</b>	<b>(79,025.5)</b>	<b>(860.6)</b>	-	<b>12,787.0</b>	<b>33,411.2</b>

### 7. Approval by the Board of Directors

The Interim Report was approved by the Board of Directors on 29 September 2008.

# Independent review report to D1 Oils plc

## Introduction

We have been engaged by the group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the Consolidated income statement, Consolidated statement of recognised income and expense, Reconciliation of movement in equity shareholders funds, Consolidated balance sheet, Consolidated cash flow statement 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 (UK and Ireland) 2410, "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 International Financial Reporting Standards 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 the 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 (UK and Ireland) 2410, "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 2008 is not prepared, in all material respects, in accordance with the accounting policies outlined in Note 1, which comply with International Financial Reporting Standards as adopted by the European Union and in accordance with the AIM Rules issued by the London Stock Exchange.

## Ernst & Young LLP

Newcastle upon Tyne  
29 September 2008

## Directors and advisors

**Lord Oxburgh of Liverpool KBE, FRS**  
Non-Executive Chairman

**Elliott Mannis**  
Chief Executive Officer

**Ben Good**  
Finance and Commercial Director

**Dr Henk Joos**  
Plant Science Director

**Dr Clive Morton OBE**  
Non-Executive Deputy Chairman and Senior Independent Director

**Barclay Forrest OBE, FRAGS**  
Non-Executive Director

**Professor Christopher Leaver CBE, FRSE, FRS**  
Non-Executive Director

**Moira Black CBE**  
Non-Executive Director

**Brian Myerson**  
Non-Executive Director

**Company Secretary**  
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