

**D1 Oils plc**

Interim report 2007

## **Corporate statement**

D1 Oils plc is a UK-based global producer of biodiesel. We are building a global supply chain and network that is sustainable and delivers value from 'earth-to-engine'. Our operations cover agronomy, refining and trading. We are pioneering the science, planting and production of inedible vegetable oils; we design, build, own, operate and market biodiesel refineries; and we source, transport and trade seeds and seedlings, seedcake, crude vegetable oils and biodiesel.

## Operational highlights

- Established global planting joint venture with BP to create a world-leading business in jatropha
- Plant science operations to develop high-yielding varieties of jatropha progressing well
- Significant increase in jatropha planting; D1 now has now planted or obtained rights to offtake from a total of over 198,000 hectares of jatropha worldwide
- Commercial planting of Elite seed will start ahead of schedule in 2007

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

"This very active and successful half year culminated in the announcement of our joint venture with BP to create a world-leading business in the planting of *Jatropha curcas*. This is a transforming event for the Company and validates our strategy of focusing on sustainable, inedible oils as the future staple raw materials for biodiesel. Although the biodiesel industry in Europe faces the short-term challenges of higher feedstock prices and inconsistent subsidy regimes, our strategy of focusing on sustainable, low-cost, long term supplies of inedible feedstocks is on track and is the right way forward both for the Company and for the industry."

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

"There is a growing recognition that if biofuels are to make a significant contribution to the world's need for transport fuels, this must not be at the expense of the environment. Equally, biofuels must not adversely affect food production or disadvantage vulnerable communities. Non-food oils such as that from *Jatropha curcas* offer a real alternative to the food oils from which biodiesel is commonly produced today. Jatropha does not need the same quality of land as food crops and nor does it do well in the wetter areas that support rain forest. Jatropha can make a vital contribution to the world's need for sustainable biofuels."

## Report of the Chairman and the Chief Executive Officer

We are pleased to announce our results for the six months ended 30 June 2007. This has been an active first half of the year for the Company. We began the year having successfully completed a placing in December 2006 raising £49.2m. At the beginning of January 2007, we acquired our new refinery and distribution site at Bromborough on Merseyside. In June, we announced our plans to establish a global joint venture with BP to create a world-leading business in *Jatropha curcas*. The creation of this new company, D1-BP Fuel Crops Limited, was ratified by our shareholders at an Extraordinary General Meeting in July. These key steps have been achieved while continuing the day-to-day work of building our agronomy, refining and trading businesses.

The establishment of D1-BP Fuel Crops Limited is a transforming event for D1. BP's decision to join us in this new venture is a significant endorsement of our feedstock strategy. The joint venture will enable us to speed up the development of *jatropha* for the production of sustainable biodiesel and to deliver commercial volumes of *jatropha* oil at competitive prices, benefiting both the economies of developing countries that will grow the crop and the rural communities where planting will be based. D1-BP Fuel Crops will commence operations on 1 October.

The new joint venture also represents a turning point for biodiesel globally. Although biodiesel is a young industry, it has rapidly become not only an established part of the global renewable energy landscape, but also a commercial and strategic requirement in the global transport fuel market. BP's decision, as a major global supplier of transport fuels, to focus on *jatropha* as the source of sustainable biodiesel is a recognition of the pressing need to base more biofuels on inedible crops that are not subject to the same demand pressures as food oils and that are grown on marginal land.

The progress we have made in the first half of the year has been achieved against the background of the challenges experienced by the biofuels sector as a whole. The impact of the continuing increase in the prices of rapeseed, soya and palm oils, the established biodiesel feedstocks, has been exacerbated by heavily subsidised imports from the USA. Such issues are to be expected in a relatively new and developing market. However, they demonstrate the strategic imperative for the biodiesel industry to access low-cost, alternative and sustainable oils, such as *jatropha*. The recent experience of the industry vindicates our core strategies: to focus on non-food oils that will not impact food production, and to develop a vertically integrated business that gives control not just of refining capacity but most importantly of raw material inputs at competitive prices.

### **Agronomy – plant science programme**

We made solid progress in our plant science programme during the first half year. We have continued to collect individual accessions of *Jatropha curcas* from around the globe, and we began putting the most promising varieties from our already significant collection through the first ever commercial breeding and product placement trials. These trials will identify optimal adaptation to different cultivation conditions. We continued the development of our breeding programme to create the first cultivars for future selection of high-yielding varieties. We also added two further Regional Development Centres (RDCs) in Swaziland and Thailand respectively. Multiplication of our first generation, selected seed material, referred to as 'E1', was begun in all three operating regions. This seed material has been selected for higher yield and good biodiesel profile.

During the period, we also introduced our Sustainable Oil Supply Programme (SOSP), in co-operation with our joint venture partners and farmers. This stewardship programme will record the performance of planting, enable the development of accurate oil production forecasts and will also monitor the implementation of policies for social, economic and environmental sustainability.

As a result of the formation of our joint venture with BP, D1's plant science programme has been established as a separate company, wholly owned by D1 Oils plc. The activities of this new company will comprise research and development, plant science, breeding, and production and multiplication of seed and seedlings. It will act as the exclusive supplier to D1-BP Fuel Crops, the

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planting joint venture, on a cost-plus basis, of selected, high-yielding jatropha seeds and seedlings. It will also provide technical agronomy support and expertise to support and implement the SOSP programme. D1-BP Fuel Crops will pay D1 an annual royalty fee for the high yield performance by the plants it supplies.

Plant science operations to support the joint venture are well on track. We anticipate that a proportion of the first of the selected E1 seedlings will be available before the end of this year. We previously stated that it was our intention to plant 50,000 hectares with E1 seedlings in 2008. We now expect to plant out the first 5-10% of this total ahead of schedule in 2007.

We are also expanding our research and testing infrastructure in anticipation of the growth in business from the joint venture. New Development Centres are being established in Cape Verde (as a central facility), as well as Indonesia and other countries where D1-BP Fuel Crops will operate, enabling D1 to support fully the joint venture's planting activities.

A significant development is our recent signing of an exclusive worldwide service agreement with Keygene NV of the Netherlands ([www.keygene.com](http://www.keygene.com)). Keygene is one of the global leaders in the science of genetic fingerprinting, in particular molecular markers and marker-assisted breeding approaches. The agreement provides D1 with exclusive rights to contract research and molecular services carried out by Keygene on jatropha. Keygene's genetic fingerprinting technology enables the identification of different jatropha cultivars through genetic markers similar to commercial bar codes. The technology has the potential to increase significantly the effectiveness of D1's breeding programme for jatropha.

In addition to focusing on jatropha, we are continuing to investigate other inedible oil crops. Under the terms of our joint venture arrangements, D1-BP Fuel Crops has a right of first refusal on any new crops and technologies that D1 may develop.

### **Agronomy – planting programme**

During the period we continued to develop our planting partnerships and expand our planting footprint across all three operating regions. Our joint venture relationship in North East India with Williamson Magor, one of India's leading tea companies, has been particularly successful. Ongoing planting of jatropha is now approaching 50,000 hectares. We see quality partners of this calibre as the key to D1-BP Fuel Crops expanding commercial planting more rapidly.

We believe that the two Memoranda of Understanding (MOU) recently signed in Indonesia have the potential to produce equally strong results for the future. The first, with PT Astra Agro Lestari, part of the Jardine Matheson Group and the largest publicly traded agribusiness in Indonesia, concerns the creation of a 500 hectare *Jatropha curcas* pilot plantation, planting of which is planned to start in Q4 2007. Once the pilot is successful, the relationship will then turn to commercial planting. The second, a tripartite MOU between D1 Oils Asia Pacific, PT Medco Energi International, a publicly listed integrated energy company, and PT Mambruk Sarana Interbuana, a pioneer of solar energy in Indonesia, is for a 500 hectare pilot plantation in West Java. Planting operations here will commence in Q4 2007 with the intention to expand to 10,000 hectares.

In a key development for planting operations in South Africa, D1 is working together with the South African Government to establish the first commercial level jatropha pilot project in that country. The initial plantation size will be 5,000 hectares of which 1,000 hectares is expected to be planted in the first year. Planting will be carried out by D1 in co-operation with the Central Energy Fund, the Department of Agriculture and a commercial farming concern made up of both black and white farmers. The project is intended to determine economic feasibility and will be used as a model for commercial jatropha planting in South Africa.

In addition to continuing planting in Africa, India and South East Asia, D1-BP Fuel Crops will expand planting to new, emerging markets, in particular South America. To this end D1 has signed a strategic partnership agreement with a Brazilian group, Curcas

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Diesel Brazil, to develop jatropha plantation projects throughout that country. In the medium term, we also believe that Australia has potential as a production location for jatropha and we are in active dialogue with the relevant Federal and State authorities regarding permission to import seeds and begin the first controlled trials for commercial planting of *Jatropha curcas*.

Up to 15 September 2007, D1 has planted or obtained rights to offtake from a total of 198,690 hectares of jatropha worldwide. This represents an increase of over 53,000 hectares on the total of 145,625 at 16 March 2007, as announced in our preliminary results on 28 March, and an increase of 23,609 hectares on the total of 175,081 hectares at 30 June 2007, as announced in the quarterly update on 27 July 2007.

The cumulative position at 15 September 2007 is summarised in the table below:

		Managed plantations	Contract farming	Seed purchase and oil supply agreements	Total hectares
India	North East	-	49,200	2,000	51,200
	South	-	8,264	-	8,264
	Rest	-	4,905	17,123	22,028
		-	62,369	19,123	81,492
Africa	Zambia	2,411	20,760	-	23,171
	Swaziland	1,227	-	8,017	9,244
	Rest	-	-	8,629	8,629
		3,638	20,760	16,646	41,044
South East Asia	Indonesia	-	36,640	1,758	38,398
	China	-	-	28,000	28,000
	Rest	-	4,780	4,976	9,756
		-	41,420	34,734	76,154
Total		3,638	124,549	70,503	198,690

The table above indicates the broad geographic locations and types of arrangements associated with jatropha planting worldwide in which D1 has an interest. The level of investment costs and security of future oil supply are proportional to the degree of direct involvement by D1 and its joint venture partners. Where trees are lost due to natural wastage or mortality, or where planting has not taken, either replanting or new planting is undertaken in the following planting season and only the net increase in planting is recorded. Where replanting is not possible or inappropriate, a provision is made and the planting is reported net.

Managed plantations are those farms where land and labour is controlled by D1, either through its subsidiaries or joint venture partners. Under contract farming, the farmer plants his own trees on his own land. D1 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. We provide support and advice during cultivation, and monitor the condition of the crops. Seed and oil supply agreements are arms-length supply contracts with third parties whereby D1, 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 has limited involvement in this planting and relies on third parties to measure and manage the crop effectively.

The increase in planting in the period is accounted for predominantly by planting in North East India with Williamson Magor. In Africa planting ceased around the middle of the year as anticipated due to the onset of their winter and will resume towards the end of the year.

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From 1 October, all planting will be conducted under the management of D1-BP Fuel Crops. Over the next four years, D1-BP Fuel Crops is targeting to plant an additional one million hectares of jatropha. We are on track to deliver the first quantities of jatropha oil during 2008.

### Refining and Trading

Our activities in refining and trading have been impacted by the ongoing challenges of high feedstock prices exacerbated by subsidised biodiesel imports from the United States. Refining margins across the industry have come under increasing pressure, and we announced in February 2007 our intention to run our refineries below capacity and to manage stocks of vegetable oil previously purchased at lower prices. There has been no improvement in the overall level of feedstock prices (in fact they have continued to increase), and, having processed existing stocks, we are no longer refining virgin oil. However, we are taking advantage of the flexibility and precision of our modular D1 20 refinery units to refine parcels of “off-spec” material purchased from other suppliers.

During the period we increased the capacity of our Teesside site with the addition of a fifth D1 20 refinery unit. This is the first of our upgraded D1 20 units and has an enhanced capacity of 10,000 tonnes per year. Final commissioning is now underway, increasing the production capacity of our Teesside site to 42,000 tonnes.

Having completed the acquisition of our Bromborough site, we began the conversion of the existing facilities, which formerly produced fuel and lubricant additives, to create 100,000 tonnes of initial biodiesel refining capacity. Given market conditions, we have slowed the timetable for commissioning the first 50,000 tonnes of this capacity, which will be completed shortly. We also believe it is prudent to extend the timetable for the completion of the remaining 50,000 tonnes of capacity from the end of 2007 to the first half of 2008, bringing expected total UK capacity at that time (including our Middlesbrough site) to 142,000 tonnes. Until we have more data to fully assess the impact of the Renewable Transport Fuels Obligation (RTFO) on the UK market after April 2008, we do not believe it is in our shareholders' interests to increase our total UK refining capacity to the previously announced target of 320,000 tonnes by the end of 2008. However, having completed the necessary preparatory work for its installation, we are in a position to complete this capacity rapidly should market conditions improve.

Although we expect the RTFO to have a positive impact on trading conditions for UK biodiesel refining, we believe this benefit is likely to be counterbalanced by both higher feedstock prices and the continuation of subsidised soya methyl ester imports from the USA, which are entering the EU market in the form of a 99% soya biodiesel and 1% mineral diesel blend; so-called B99. US producers are currently eligible for subsidies of US\$1 for every gallon (approximately 11 pence per litre) of biodiesel blended with mineral diesel, which then receives further subsidy in EU markets. As a result, this material is setting market prices in the EU and refinery margins are substantially eroded. We are working with industry groups to assist the UK and EU authorities in taking the necessary measures to end the eligibility of US imports for double taxation relief. Unless the B99 taxation “double dip” issue is addressed, we believe it will be difficult for the EU to develop a robust biodiesel refinery industry and for UK refiners to supply motorists and road transport businesses under the RTFO.

Until commercial volumes of low-cost jatropha oil become available for UK refining, we are purchasing and selling modest quantities of B99 to enable us to meet our obligations to clients and to develop our supply chain. We will continue to do so until the issue of asymmetric subsidies is resolved or feedstock prices reduce.

### Finance

Our continuing investment in the development of our agronomy, refining and trading strategy is reflected in the financial results for the six months ended 30 June 2007.

## Report of the Chairman and the Chief Executive Officer

This report is the first set of financial statements for the Group to be prepared under International Financial Reporting Standards (IFRS). The new accounting policies adopted, and the detail of the impact of moving to IFRS, are set out in the group's IFRS transition report, available on the Group's website at [www.d1plc.com](http://www.d1plc.com). The Group's net assets at the date of transition, 1 January 2007, were not materially affected; however, there were some minor reclassifications. There was no impact on the Group's income statement.

Total Group turnover of £4.1m (2006: £33,000) reflects sales of 8,588 tonnes of biodiesel generated from our D1 20 biodiesel refineries together with product sold directly and not requiring transesterification.

An analysis of volumes of product refined and sold in the six months to 30 June 2007 is set out in the tables below:

<b>Material refined</b>	<b>Total (tonnes)</b>
Virgin oil	3,106
Third party off-spec	2,467
<b>Total</b>	<b>5,573</b>

  

<b>Material sold</b>	<b>Total (tonnes)</b>
Virgin oil/third party off-spec	5,871
B99	2,717
<b>Total</b>	<b>8,588</b>

The high cost of vegetable oils and the resulting decision to run our refineries below capacity resulted in a gross loss of £0.4m (2006: £0.4m).

Operating costs were £10.0m (2006: £4.7m) of which storage and indirect refining costs amounted to £1.7m (2006: £0.1m), IAS2 charges for share based payments to £1.3m (2006: £0.5m) and overhead costs to £7.0m (2006: £4.1m).

The overhead costs of £7.0m (2006:£4.3m) reflect the investment made in our regional teams in Africa and South East Asia and the development of our secondary refinery site at Bromborough. We have also taken the decision to accelerate the depreciation charge against our prototype refinery asset in the period by £0.6m. Net interest received was £0.8m (2006: £0.3m).

The loss on ordinary activities before and after taxation was £10.3m (2006:£4.8m) and the loss per ordinary share was 16.88p (2006: 15.34p). As the Group has brought forward losses and losses were incurred in the period, no corporation tax was payable.

Net cash (defined as gross cash less mortgage and cash collateral) on hand at 30 June 2007 was £27.8m (2006: £12.8m). Gross cash was £30.9m (2006: £13.7m), the mortgage loan was £0.8m (2006:£0.8m) and cash held as collateral was £2.3m (2006: £nil).

The net cash outflow in the period of £20.3m reflects the operating cash outflow of £8.5m, the purchase for £2.9m of the Bromborough site and expenditure on the development of biodiesel manufacturing facilities on that site of £3.5m. Further investment of £2.7m was made both in infrastructure and the new Mark II D1 20 skid on Teesside. We have invested an additional £1.4m of

## Report of the Chairman and the Chief Executive Officer

working capital in building stocks of refined oils and methyl esters to meet our growing sales demands. Investments in planting projects were £1.3m.

### Management

We are today announcing a number of changes to the Board with immediate effect. Steve Douty steps down to join D1-BP Fuel Crops as Global Business Development Director. Christopher Tawney, whose appointment as Group Finance Director we announce today, joins the Board, replacing Richard Gudgeon, who steps down to become Deputy Group Finance Director. Peter Davidson, a founder Director, also leaves the Board. Moira Black joins the Board as a Non-Executive Director. We would like to thank Steve, Richard and Peter for their substantial contributions to the business. In particular, we acknowledge Steve's achievements in developing D1's international business, Richard's work on the December 2006 fundraising and the joint venture with BP and Peter's contribution to the development of our agronomy and refining programmes.

### Outlook

The need to address the challenges of climate change and fuel security has established biofuels as an increasingly important element in the global transport fuels market. Biofuels, and in particular biodiesel, are now recognised as a means to secure cost-effective supplies of sustainable transport fuel, and both national and regional policy initiatives are making biofuels blends a reality in key developed markets. We continue to believe that the medium to long-term outlook for the industry is very promising.

However, at present the sector remains immature and faces several short-term challenges. High prices for edible vegetable oils mean that refining profitably in Europe without significant subsidies will be difficult. Irregularities in subsidy regimes that exacerbate this situation need to be addressed.

High vegetable oil prices demonstrate that the key to the future of the industry is access to cost-effective, sustainable, inedible feedstocks. Furthermore, there is growing awareness that unless produced sustainably, the spread of biofuels has the potential to lead to greater environmental damage than it prevents by replacing fossil fuels. The industry must ensure that new and existing biofuels crops are produced in a manner that does not damage important ecosystems or disadvantage vulnerable communities.

These issues validate our strategy to develop supplies of alternative, sustainable inedible oils. *Jatropha curcas* offers a viable alternative to food-grade vegetable oils because it is not subject to the demand pressures of food use, does not thrive in the wetter conditions found in rainforest areas, and does not require the same quality of land as staple food crops. We believe that the commercial development of *jatropha* offers the best means currently available to replace fossil-fuel diesel with sustainable biodiesel. The merits of this strategy and our leadership in the commercial development of the crop have been recognised by BP.

The Board is very pleased with the achievements of the business to date. However, there remains much to be done and we are firmly committed to our strategy to take the Company forward; to ensure a successful launch of the planting joint venture with BP and to deliver *jatropha* oil in commercial quantities into the market in 2008.

**Lord Oxburgh of Liverpool**  
Chairman

**Elliott Mannis**  
Chief Executive Officer

25 September 2007

## Consolidated income statement

Unaudited results for the six months ended 30 June 2007

		Six months ended 30 June 2007 Unaudited £000	Restated Six months ended 30 June 2006 Unaudited £000	Restated Year ended 31 December 2006 Audited £000
<b>Group revenue</b>	2	<b>4,130.8</b>	32.6	1,560.3
Cost of sales		<b>(4,570.2)</b>	(389.8)	(2,366.7)
<b>Gross loss</b>		<b>(439.4)</b>	(357.2)	(806.4)
Operating costs		<b>(9,986.2)</b>	(4,727.7)	(12,212.9)
<b>Gross trading loss</b>		<b>(10,425.6)</b>	(5,084.9)	(13,019.3)
Fixed asset impairment	6	<b>(600.0)</b>	-	-
Share of post tax losses of associates and joint ventures accounted for using the equity method		<b>(160.3)</b>	(31.7)	(121.5)
Impairment of goodwill arising on acquisition		-	-	(6.3)
<b>Group operating loss from continuing operations</b>		<b>(11,185.9)</b>	(5,116.6)	(13,147.1)
Finance revenue		<b>997.1</b>	353.0	566.4
Finance costs		<b>(159.7)</b>	(26.8)	(46.9)
<b>Loss for the period from continuing operations</b>	2	<b>(10,348.5)</b>	(4,790.4)	(12,627.6)
Loss for the period attributable to:				
Equity holders of the parent		<b>(10,348.5)</b>	(4,790.4)	(12,627.6)
Minority interest		-	-	-
		<b>(10,348.5)</b>	(4,790.4)	(12,627.6)
<b>Loss per ordinary share</b>				
Basic and diluted loss per ordinary share (pence)	3	<b>16.88</b>	15.34	39.98

## Consolidated statement of recognised income and expense

Unaudited results for the six months ended 30 June 2007

	Six months ended 30 June 2007 Unaudited £000	Restated Six months ended 30 June 2006 Unaudited £000	Restated Year Ended 31 December 2006 Audited £000
<b>Income and expense recognised directly in equity</b>			
Cash flow Hedges taken to equity	(1,047.5)	-	-
Exchange difference on retranslation of foreign operations	10.5	31.9	(591.6)
<b>Net income recognised directly in equity</b>	<b>(1,037.0)</b>	31.9	(591.6)
Loss for the period	(10,348.5)	(4,790.4)	(12,627.6)
<b>Total recognised income and expense for the period</b>	<b>(11,385.5)</b>	(4,758.5)	(13,219.2)
Attributable to:			
Equity holders of the parent	(11,385.5)	(4,758.5)	(13,219.2)

## Reconciliation of movement in equity shareholders' funds

Unaudited results for the six months ended 30 June 2007

	Six months ended 30 June 2007 Unaudited £000	Restated Six months ended 30 June 2006 Unaudited £000	Restated Year Ended 31 December 2006 Audited £000
Loss for the financial period	(10,348.5)	(4,790.4)	(12,627.6)
Issue of shares by the Company (net of expenses)	232.1	395.1	47,030.0
Share based payments	1,336.0	505.0	1,135.0
Cash flow Hedges taken to equity	(1,047.5)	-	-
Currency translation difference	10.5	31.9	(591.6)
<b>Net (decrease)/increase in equity shareholders' funds</b>	<b>(9,817.4)</b>	(3,858.4)	34,945.8
Opening equity shareholders' funds	61,637.1	26,691.3	26,691.3
Closing equity shareholders' funds	51,819.7	22,832.9	61,637.1

## Consolidated balance sheet

Unaudited results as at 30 June 2007

	As at 30 June 2007 Unaudited £000	Restated As at 30 June 2006 Unaudited £000	Restated As at 31 December 2006 Audited £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	24,199.7	9,953.8	14,486.3
Biological assets	75.0	27.0	74.5
Intangible assets	112.2	87.8	119.1
Trade and other receivables	1,215.4	-	948.9
Other investments	60.0	14.0	18.2
	<b>25,662.3</b>	10,082.6	15,647.0
<b>Current assets</b>			
Inventories	2,620.4	1,163.6	3,023.3
Trade and other receivables	3,759.2	1,204.6	898.3
Other financial assets	25,667.3	-	2,317.3
Cash and short-term deposits	5,203.1	13,755.3	49,066.3
	<b>37,250.0</b>	16,123.5	55,305.2
Assets held for resale	100.0	-	100.0
<b>Total assets</b>	<b>63,012.3</b>	26,206.1	71,052.2
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(3,297.3)	(2,387.6)	(2,811.9)
Interest-bearing loans and borrowings	(732.2)	(32.8)	(706.2)
Accruals and deferred income	(2,420.5)	(59.8)	(2,208.9)
Financial liabilities	(1,047.5)	-	-
	<b>(7,497.5)</b>	(2,480.2)	(5,727.0)
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	(3,626.9)	(840.0)	(3,533.5)
Investments accounted for using the equity method	(68.2)	(53.0)	(154.6)
	<b>(3,695.1)</b>	(893.0)	(3,688.1)
<b>Total liabilities</b>	<b>(11,192.6)</b>	(3,373.2)	(9,415.1)
<b>Net assets</b>	<b>51,819.7</b>	22,832.9	61,637.1

## Consolidated balance sheet

Unaudited results as at 30 June 2007

		As at 30 June 2007 Unaudited £000	Restated As at 30 June 2006 Unaudited £000	Restated As at 31 December 2006 Audited £000
<b>Capital and reserves</b>				
Equity share capital	4	616.0	318.7	614.8
Share premium	4	84,063.1	37,493.8	83,832.2
Own shares held	4	(484.0)	(484.0)	(484.0)
Other reserves	4	437.7	437.7	437.7
Revenue reserves	4	(31,184.5)	(14,964.8)	(22,172.0)
Currency translation reserve	4	(581.1)	31.5	(591.6)
Hedging reserve	4	(1,047.5)	-	-
<b>Equity shareholders' funds</b>		<b>51,819.7</b>	22,832.9	61,637.1

## Consolidated cash flow statement

Unaudited results for the six months ended 30 June 2007

	Six months ended 30 June 2007 Unaudited £000	Restated Six months ended 30 June 2006 Unaudited £000	Restated Year ended 31 December 2006 Audited £000
<b>Operating activities</b>			
Loss for the period before tax	(10,348.5)	(4,790.4)	(12,627.6)
<i>Adjustments to reconcile profit for the period to net cash flow from operating activities:</i>			
Depreciation of property, plant and equipment	462.9	107.5	367.6
Impairment of fixed assets	600.0	-	-
Impairment of goodwill on acquisition of joint ventures	-	-	6.3
Share based payments	1,336.0	505.0	1,135.0
Loss on disposal of fixed assets	-	-	17.7
Share of post tax losses of joint ventures accounted for using the equity method	160.3	31.7	121.5
Finance income	(997.1)	(353.0)	(566.40)
Finance expense	159.7	26.8	46.90
Decrease/(increase) in inventories	402.9	(1,037.3)	(2,897.1)
Increase in trade and other receivables	(2,573.0)	(479.3)	(1,062.1)
Increase in trade and other payables	687.5	650.5	3,210.8
<b>Net cash flow from operating activities</b>	<b>(10,109.3)</b>	<b>(5,338.5)</b>	<b>(12,247.4)</b>
<b>Investing activities</b>			
Interest received	442.7	353.0	566.40
Payments to acquire property, plant and equipment	(10,776.9)	(5,942.1)	(11,581.8)
Funds transferred to deposits	(23,350.0)	-	(2,317.3)
Purchase of trade investments	(280.5)	-	(4.2)
Sale of trade investments	18.2	-	-
<b>Net cash flow from investing activities</b>	<b>(33,946.5)</b>	<b>(5,589.1)</b>	<b>(13,336.9)</b>
<b>Financing activities</b>			
Interest paid	(159.7)	(26.8)	(46.9)
Proceeds from share issue	232.1	395.5	47,030.0
New borrowings	91.9	-	3,400.0
Repayment of capital element of finance leases	(203.6)	-	(55.0)
<b>Net cash flow from financing activities</b>	<b>(39.3)</b>	<b>368.7</b>	<b>50,328.1</b>
Net (decrease)/increase in cash and cash equivalents	(44,095.1)	(10,558.9)	24,743.8
Cash and cash equivalents at the start of the period	49,025.2	24,281.4	24,281.4
<b>Cash and cash equivalents at the end of the period</b>	<b>4,930.1</b>	<b>13,722.5</b>	<b>49,025.2</b>

## Notes to the consolidated cash flow statement

Unaudited results for the six months ended 30 June 2007

	<b>Six months ended 30 June 2007 Unaudited £000</b>	Restated Six months ended 30 June 2006 Unaudited £000	Restated Year ended 31 December 2006 Audited £000
Cash and cash equivalents is comprised as follows:			
Cash at bank and in hand	<b>5,203.1</b>	13,755.3	49,066.3
Short-term borrowings and overdrafts	<b>(273.0)</b>	(32.8)	(41.1)
	<b>4,930.1</b>	13,722.5	49,025.2

## Notes

Unaudited results for the six months ended 30 June 2007

### 1. Summary of significant accounting policies.

The Group is required to adopt International Financial Reporting Standards (IFRS) with effect from 1 January 2007. The results for the six months to 30 June 2007 represent the Group's first interim financial statements prepared in accordance with IFRS. The Group's first IFRS Annual Report and Financial Statements will be for the year ending 31 December 2007.

Previously, the Group reported under UK GAAP. The accounting policies used in this statement are consistent with those to be used in the December 2007 annual report. Detailed reconciliations, showing the impact of transition to IFRS, are reported in a separate document, which is available on our website [www.d1plc.com](http://www.d1plc.com)

This interim report has been prepared using those standards that the Group expects to be endorsed and applicable when the IFRS financial statements are prepared for the year ending 31 December 2007. These standards are subject to ongoing review and endorsement by the European Union or possible amendment by interpretive guidance from the International Accounting Standards Board and the International Financial Reporting Interpretations Committee and are, therefore, still subject to change.

### 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 2007 Unaudited £000	Restated Six months ended 30 June 2006 Unaudited £000	Restated Year ended 31 December 2006 Audited £000
<b>Revenue</b>			
Agronomy	0.8	-	-
Refining	25.9	-	-
Trading	4,104.1	32.6	1,560.3
Other	-	-	-
<b>Group total</b>	<b>4,130.8</b>	32.6	1,560.3
<b>Loss before tax</b>			
Agronomy	(3,349.1)	(1,641.1)	(4,676.9)
Refining	(3,271.8)	(993.6)	(2,189.6)
Trading	(1,198.5)	(144.0)	(634.8)
Other	(2,529.1)	(2,011.7)	(5,126.3)
<b>Group total</b>	<b>(10,348.5)</b>	(4,790.4)	(12,627.6)

## Notes

Unaudited results for the six months ended 30 June 2007

### 3. Loss per ordinary share

	Six months ended 30 June 2007 Unaudited Number	Restated Six months ended 30 June 2006 Unaudited Number	Restated Year ended 31 December 2006 Audited Number
Weighted average number of shares in issue	<b>61,312,287</b>	31,231,472	31,584,579
	Pence	Pence	Pence
Loss per ordinary share – basic and diluted	<b>16.88</b>	15.34	39.98

The number of shares in issue at 31 December 2006 was 61,480,578. The total number of shares in issue at 30 June 2007 was 61,597,764. 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.

### 4. Movement on reserves

	Share capital £000	Share premium £000	Merger reserve £000	Own shares held £000	Profit and loss reserve £000	Currency translation reserve £000	Hedging reserve £000	Total £000
<b>At 1 January 2007 (restated)</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 by the Company	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 30 June 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>

The hedging reserve reflects the movement in fair value of the Group's cash flow hedges in respect of the selling price of Biodiesel, which has been stated in accordance with IAS 39.

### 5. Post balance sheet event

On 29 June 2007, the Company announced its intentions to establish a global joint venture with BP International Limited to plant jatropha curcas and to grant options to BP International Limited to acquire 11,725,467 new ordinary shares in the Company. The proposal was approved by the shareholders of the Company in Extraordinary General Meeting on 27 July 2007.

### 6. Prototype refinery

During the period the Directors reviewed the operational requirement for the original prototype D1 20 refinery. With the completion of the new Mark II D1 20 refinery the Directors consider that the original prototype refinery now has limited commercial value. Accordingly a provision for accelerated depreciation has been recorded such that the net book value of this asset is now nil

### 7. Publication of non-statutory financial statements

The financial information contained in the interim statements does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The results are unaudited but have been reviewed by the auditors. The financial information for the year to 31

## **Notes**

### Unaudited results for the six months ended 30 June 2007

December 2006 and the six months ended 30 June 2006 has been extracted from the group's IFRS transitional document, which were based on the group's 2006 Annual review and the 2006 interim report. The 2006 Annual Review has been filed with the Registrar of Companies. The audit report on the Annual Report 2006 was unqualified and did not contain a statement under Section 237 (2) or (3), of the Companies Act 1985.

### **8. Approval by the Board of Directors**

The Interim Report was approved by the Board of Directors on the 25 September 2007.

# Independent review report to D1 Oils plc

## Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 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 8. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report as required by the AIM rules issued by the London Stock Exchange.

As disclosed in note 1, the next annual financial statements of the group will be prepared in accordance with those IFRSs adopted for use by the European Union.

The accounting policies are consistent with those that the directors intend to use in the next financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRSs adopted for use by the European Union.

## Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

Ernst & Young LLP  
Newcastle upon Tyne  
25 September 2007

## Notes:

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

