ESV Group Plc

Report and financial statements
31 March 2007

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Directors and Advisers

Directors	M Alikhani	Executive Director
	R Maas	Executive Director
	S Alikhani	Executive Director
	J Stevens	Non Executive Director
	P Howell	Non-Executive Director
Secretary and Registered Office	K R Sodha FCA 2nd Floor 19/20 Grosvenor Street London W1K 4QH	
Bankers	HSBC Bank plc 129 Bond Street London W1A 2JA	
Auditors	Henderson & Co 87 Devonshire Road Palmers Green London N13 4QU	
Nominated adviser	Weavering Corporate Finance 3 Queen Street Mayfair London W1J 5PA	
Solicitors	Beachcroft LLP 100 Fetter Lane London EC4A 1BN	
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA	
Company number	5738279	

Chairman's statement

It gives me great pleasure to announce ESV's preliminary results for the period from incorporation on 10th March 2006 to 31st March 2007 – a period in which the Company was successfully admitted to PLUS in August 2006 and raised £1.5 million before expenses to enable it to acquire its initial operations in the Ukraine and to provide working capital.

I am pleased to report that during the period the initial acquisitions have already begun to make a contribution, the Directors reporting a turnover of £526,403 and loss of £508,353 in the period.

Turnover included revenues from the export of grains by Agri-Ukraine Ltd amounting to £370,087 and a management fee of £156,316 from the Kherson terminal. Revenue from the export of grains was affected by a Ukrainian Government export ban of grains from Ukraine during the period.

Administrative expenses include research and development costs relating to the Company's new focus on the production and logistics of vegetable oils for the European biofuel industry both from eastern Europe (the Ukraine) and southern Africa (Mozambique), which I am pleased to report is progressing rapidly.

In the Ukraine this year, despite the drought which affected the southern Ukraine, the farms have had a good year with good conditions for higher than normal crop yields and higher prices in line with the continued strong market conditions for soft commodities.

The grain terminal located in Kherson continues to experience growing yearly throughput. The Company anticipates shipping 218,000 metric tons this year, an increase of nearly 15% over the previous year. Demand for using the terminal continues to exceed the terminal capacity and plans are now being made to extend this capacity.

As announced previously, ESV is continuing the negotiation of a new project in the Ukraine and is happy to report considerable progress on its bio fuel project in Mozambique and the recently announced Agreement on a major new port development in Terneuzen, Holland:

- ESV Group is continuing the negotiation of a joint venture with a major international trading company to build and deploy a floating crane offshore Kherson. The Directors believe the agreement will increase ESV's Ukraine export capacity of grains and rapeseed from 250,000 tons per annum to 750,000 tons per annum from the 2009 harvest and will make ESV Group a major player in the export of grains from the Ukraine. The projected cost will be an estimated US$ 15 million. The project includes enlarging ESV's managed current Kherson Terminal to a 60,000 ton capacity and the provision of 10 'dumb' 2,500 ton barges.
- ESV has concluded negotiations with the Zeeland Sea Ports Authority for a sixty year lease of 98,000 square metres of quay side land at Terneuzen for the development of a raw vegetable oil tank terminal and oilseed reception terminal. The Terneuzen Port Authority has already allocated the land to ESV and detailed discussions, planning and tendering are now under discussion and negotiation. This development at the heart of the Rhine delta will enable ESV to trans-ship and

deliver vegetable oil cargo to European Biodiesel refineries by road, rail, short-sea crossing and waterway canal. The quay is expected to be ready for ESV to enter the site in 18 months and for ESV to take deliveries of vegetable oil in 24 months time.

- ESV finalized an agreement to purchase a Jatropha project in Inhambane province in Mozambique. ESV has acquired an 11,000 hectares estate by the purchase of the Mozambique company Inveragro SARL and has incorporated ESV Bio Africa Lda in Mozambique.

1300 hectares of Jatropha trees have already been planted and ESV expects to plant 1750 hectares by the end of 2007. The first 5,000 hectares of land have been cleared and prepared for planting. From the beginning of 2008, the Directors of ESV expect to significantly increase the planting rate.

The project currently employs 480 local people. ESV expects its first small harvest to take place in December 2007 and to begin oil crushing operations in early 2008.

Jatropha is one of the new generations of vegetable oils being grown specifically for the biodiesel market.

ESV is now in the process of looking to increase its landholdings for further Jatropha development both in Mozambique and other East African countries as funds become available.

Overall, the Directors believe ESV has made satisfactory progress during the period under review and the following months.

ESV's recently stated strategy is to position the company as a provider of oil to the biofuel industry. With the present contracts and projects under implementation and negotiation, ESV continues to actively pursue this strategy.

M A Alikhani
Chairman

31 August 2007

Directors report

The Directors present their report and the audited financial statements of the Company for the period from incorporation on 10 March 2006 to 31 March 2007.

Principal Activity

The Company is a holding company overseeing subsidiaries engaged in port operations, related infrastructure development, stevedoring, grain growing, trading and supplies and barge operations.

Review of the Business and Future Developments

The Company's performance during the period and expected future developments are described in the Chairman's Review on pages 3 and 4.

Risk

The company is vulnerable to certain risks which are detailed in Note 15.

Principal Risks and Uncertainities

The Company operates in an uncertain environment that may result in increased risk, cost pressures and unforeseen delays.

The Directors consider the following risks to be the most significant for potential investors having regard to ESV's business strategy and the specialist sector in which it operates. The risks noted below do not necessarily comprise all those potentially faced by the Company.

The following are some of the key risks that face the Company:

- **Business and political risks**

The Directors intend to develop ESV as a substantial business to supply feedstock to the biofuels industry. ESV is currently involved in the improvement of port facilities in the Ukraine. The Government of Ukraine is actively seeking to develop its transportation and ports infrastructure and the Directors believe the Government supports the involvement and participation in this development by foreign operators. There is no assurance that future political and economic conditions in the Ukraine will not result in the Government at that time adopting different policies in respect of foreign development and ownership of transportation and ports operations and assets. Similar considerations apply to the farming operations in Mozambique and the Government of Mozambique.

Any such changes in policy may result in changes in the laws affecting ownership of assets, taxation, currency exchange rates, environmental protection, labour relations, and repatriation of income and return of capital which may adversely affect the Company's business.

- **Monopoly regulation**

Ukraine has legislation to prevent monopolies from adversely affecting markets. The Company's future expansion will need to be in accordance with the current, as well as any future, monopoly legislation, and any change to the current legislation may impact adversely on the Company's future expansion plans. However, the Directors believe that the Company's proposed expansion plans will not be in breach of the current legislation.

- **Specific operating risks**

The Directors also believe that the following specific operating risks for the Group exist:

– Normal agricultural limitations such as excess rain fall, drought, winter kill or climatic change.

– Common Agricultural Policy (CAP): The Ukraine is not part of the European Union. It is widely believed that the EU wishes to extend a "helping hand" to the Ukraine by negotiating a bilateral trade agreement favourable to the Ukraine. However it can not be excluded that a new CAP more restrictive on imports from non EU countries could be implemented. It should be noted though that 1) export of biofuel to the EU is not covered by the CAP and 2) the Company can divert more of its trade from the EU to the Middle East.

– Cessation or interruption in supply of grain/raw materials. The Group will be dependent upon the continuing uninterrupted supply of grain/raw materials for its operations. While the Directors expect sufficient supplies to be available, there is no guarantee that this will be the case. Although not actually required, it can not be completely excluded that in future government agreement or quotas might be necessary.

– The success of the Company will be dependent upon its current and future executive management team. Although the Company has entered into contractual arrangements to secure the services of the Directors, the retention of these services cannot be guaranteed. The Company's future success will also be dependent on its ability to recruit suitably qualified individuals.

Results and Dividends

The results to 31March 2007 reflect the development costs of the Jatropha plantation, fund raising and other operational and head office costs. The results for the period are set out in the consolidated income statement on page 13.

The Directors do not recommend the payment of a dividend for the period ended 31 March 2007.

Directors and Interests

The directors in office during the period and their interests (as defined in the Companies Act 1985) were as follows:

		No. of ordinary shares of £0.00023 at 31 March 2007	% of holding of issued share capital
M Alikhani	(Appointed 10 March 2006)	34,744,836	6.85
R Maas	(Appointed 25 April 2006)	33,502,608	6.61
S Alikhani	(Appointed 10 March 2006)	18,212,265	3.59
J Stevens	(Appointed 26 April 2006)	3,098,500	0.61
P Howell	(Appointed 19 April 2006)	–	–

Transaction with Directors and related Parties

Details of transactions with Directors and related parties are set out in Note 22 to the accounts.

Issues of Shares and Warrants

During the period 289,824,485 ordinary shares were issued to provide further working capital of £1,461,613. Following warrants have been granted to the Directors.

	Warrants at 12 July 2006 and at 31 March 2007	Exercise Price	Date of grant	Final date of exercise
M Alikhani	6,500,000	£0.02	21 August 2006	21 August 2011
R Maas	2,000,000	£0.02	21 August 2006	21 August 2011
S Alikhani	4,000,000	£0.02	21 August 2006	21 August 2011
J Stevens	2,000,000	£0.02	21 August 2006	21 August 2011
P Howell	2,000,000	£0.02	21 August 2006	21 August 2011

The warrants have been granted under the ESV Group Plc Share Warrants Plan.

The Company has issued share warrants to Directors, (listed above), key employees and consultants, details of which are in Note 20.

Substantial shareholdings

The Company is aware that as at 31 August 2007 the following persons were interested (within the meaning of the Act) directly in 3% or more of the issued share capital of the Company:

	Number of ordinary shares of £0.00023 at 31 August 2007	% of holding
Vidacos Nominee Limited	56,008,188	11.04
Masoud Alikhani Esq	34,744,836	6.85
Agro-Maas (UK) Ltd	34,610,964	6.82
Globex Holdings Ltd	34,400,000	6.78
Gleb Tsentner Esq	33,204,029	6.55
HSBC Global Custody Nominee (UK) Limited	28,126,802	5.55
Ukraine Holdings Limited	27,205,000	5.36
Ronny Maas Esq	24,849,867	4.90
Mrs Irina Mikhailova	20,000,000	3.94
Said Alikhani Esq	18,212,265	3.59
Rock (Nominees)Ltd	17,576,174	3.47
Saint Gery SA	17,117,105	3.37

Annual General Meeting

Resolutions will be proposed at the Annual General Meeting as set out in the formal notice on pages 41 and 42. The following explanatory notes relate to Resolutions numbered 8 and 9 which will constitute special Business.

(1) Resolution 8 - The Directors currently have a general authority to allot unissued shares of the company, but this expires on the conclusion of the Annual General Meeting. Resolution 4 is proposed as an Ordinary resolution to provide the Directors with authority to issue ordinary shares up to an aggregate nominal amount of £46,793 such authority shall expire on whichever is earlier of the conclusion of the

Annual General Meeting of the Company to be held in 2008 or the date falling 15 months from the date of passing of this resolution.

(2) Resolution 9 - is to renew the Directors' authority to allot relevant securities up to a nominal value of £46,793 representing 25.43 percent of the authorised but yet unissued share capital of the Company. This will provide the Directors with the authority to issue ordinary shares of 0.023p for cash when the Board considers it to be in the best interest of shareholders, such authority shall expire whichever is the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2008 or the date falling 15 months from the date of passing of this Resolution.

Supplier Payment Policy

Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 31 March 2007 were equivalent to 73 days' purchases, based on the average daily amount invoiced by suppliers during the year.

Financial Instruments

Details of the risk management and the use of financial instruments by the company are contained in Note 15 of the financial statements.

Fixed assets

In the opinion of the directors the current open market value of the group's interests in land and buildings exceeds the book value by approximately £939,000. The group's liability to taxation if land and buildings were sold at that value would approximate £302,000.

Charitable and political contributions

During the period, the company did not make any charitable or political donations.

Environmental Matters

Regular tests are carried out to ensure that our farming and trading activities operate within safe environmental conditions.

Events after the Balance sheet date

The relevant information can be found in Note 21.

Going concern basis

After making enquires, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Disclosure of Infrormation to the Auditors

In accordance with Section 234ZA of the Companies Act 1985, the Directors who held office at the date of approval of this Director's report confirm that, so far as they are each aware, there is no relevant audit information, being information needed by the auditors in connection with preparing this report, of which the auditors are unaware. Having made enquires of fellow Directors and the Company's auditors, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Henderson & Co have expressed their willingness to continue in office as auditors. A resolution proposing the appointment of Henderson & Co will be put to the shareholders at the Annual General Meeting.

Approved by the Board of Directors and Signed on behalf of the Board by

S. Alikhani

31 August 2007

Statement of directors' responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a director's report which complies with the requirement of the Companies Act 1985.

The Directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The directors have elected to prepare financial statements for the group and the company in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the company's and the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognitions criteria for assets, liabilities, income and expenses set out in the International Accounting Standard Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards (IFRSs). A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when the compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the Directors. The Directors responsibility also extends to the on going integrity of the financial statements contained therein.

Independent auditors' report to the members of ESV Group Plc

We have audited the Group and Parent Company financial statements (the "financial statements") of ESV Group Plc for the period from incorporation on 10 March 2006 to 31 March 2007 which comprise the Consolidated Group and Company income statements, the Group and Company statement of recognised income and expense, the Consolidated Group and Company Balance Sheets, the Group and Company Cash Flow Statements, and the related Notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view, and are properly prepared in accordance with the Companies Act 1985.

We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

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

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

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosure made in the accounts concerning the preparation of the accounts on a going concern basis, the validity of which depends on the Company's ability to finance the Group's operation. The accounts do not include any adjustments that would result from a failure of financing. Our opinion is not qualified in this respect.

Opinion

In our opinion:

> the financial statements give a true and fair view, in accordance with IFRSs, as adopted by the European Union, of the state of the Group's and the Parent Company's affairs as at 31 March 2007 and of the Group's and Company's loss for the period then ended;

> the financial statements have been properly prepared in accordance with the Companies Act 1985; and

> the information given in the Director's Report is consistent with the Financial Statements.

Henderson & Co
Chartered Accountants and Registered Auditors
87 Devonshire Road
London N13 4QU

31 August 2007

Consolidated income statement

Period from incorporation 10 March 2006 to 31 March 2007

	Note	Period from 10 March 2006 to 31 March 2007 £
Revenue	3	526,403
Cost of sales	3	(333,078)
Gross profit		193,325
Cost of production - Jatropha		(264,279)
Growing stock – Jatropha plant		264,279
Administrative expenses		(705,475)
Operating loss	5	(512,150)
Finance income	6	4,542
Finance costs	6	(745)
Loss before taxation		(508,353)
Taxation	7	-
Loss for the period		(508,353)
Attributable to:		
Equity holders of the parent	17	(508,353)
Minority interest		-
		(508,353)
Loss per share		
Basic and diluted	9	(0.11)p

All amounts relate to continuing activities.
The notes on pages 20 to 40 form part of these financial statements.

The Board is not recommending the payment of a dividend in respect of the period ended 31 March 2007.

Consolidated statement of recognised income and expenses

For period from incorporation 10 March 2006 to 31 March 2007

	Notes	Period from 10 March 2006 to 31 March 2007 £
Exchange differences on translation of foreign operations	17	(7,389)
Loss for the period		(508,353)
Total income and expense recognised		(515,742)
Attributable to:		
Equity holders of the parent		(759,591)
Minority interest		243,849)
		(515,742)

The notes on pages 20 to 40 form part of these financial statements.

Consolidated balance sheet

As at 31 March 2007

	Note	31 March 2007 £
Non-current assets		
Property, plant and equipment	10	1,053,116
Investments	25	104,988
		1,158,104
Current assets		
Inventory	11	264,279
Trade and other receivables	12	553,609
Cash and cash equivalents	13	4,169
		822,057
Total assets		1,980,161
Current liabilities		
Trade and other payables	14	(95,455)
		(95,455)
Net current assets		726,602
Non-current liabilities		
Deferred tax	8	(302,305)
		(302,305)
Total liabilities		(397,760)
Net assets		1,582,401
Equity		
Share capital	16	116,660
Share premium	17	1,344,953
Revaluation reserve	17	392,681
Translation reserve	17	(7,389)
Accumulated loss	17	(508,353)
Equity attributable to equity holders of the parent	17	1,338,552
Minority interest		243,849
Total equity		1,582,401

The notes on pages 20 to 40 form part of these financial statements.

These financial statements were approved by the Board of Directors on 31 August 2007

Signed on behalf of Board of Directors by

S Alikhani
Director

Consolidated cash flow

For period from incorporation 10 March 2006 to 31 March 2007

	Note	Period from 10 March 2006 to 31 March 2007 £
Net cash (outflow)/inflow from operating activities	18	(1,221,913)
Investing activities		
Interest received	6	3,797
Acquisition of property, plant and equipment	10	(134,339)
Investment	25	(104,988)
Net cash used in investing activities		(235,530)
Financing activities		
Proceeds on issue of shares (net of share issue costs)	16	1,461,613
Net cash from financing activities		1,461,613
Net increase in cash and cash equivalents		4,170
Cash and cash equivalents at beginning of the year		–
Effect of foreign exchange rate changes		(1)
Cash and cash equivalents at end of the year		4,169

The notes on pages 20 to 40 form part of these financial statements.

Company income statement

For period from incorporation 10 March 2006 to 31 March 2007

	Notes	Period from 10 March 2006 to 31 March 2007 £
Revenue	3	526,403
Cost of sales	3	(333,078)
Gross profit		**193,325**
Administrative expenses		(705,475)
Operating loss		**(512,150)**
Finance income	6(b)	4,542
Finance cost	6(a)	(745)
Loss before taxation		**(508,353)**
Taxation		-
Loss for the period		**(508,353)**
Loss per share		
Basic and diluted	9	(0.11)p

The above results relate to continuing operations.

The notes on pages 20 to 40 form part of these financial statements.

No statement of recognised income and expenses is prepared as the loss for the period is the same.

Company balance sheet
As at 31 March 2007

	Note	31 March 2007 £
Non-current assets		
Property, plant and equipment	10	17,266
Investment - subsidiary	25	352,091
- others	25	104,988
		474,345
Current assets		
Trade and other receivables	26	553,609
Cash and cash equivalents		4,169
		557,778
Total assets		1,032,123
Current liabilities		
Trade and other payables	27	(41,363)
Provisions	27	(37,500)
		(78,863)
Net current assets		478,915
Net assets		953,260
Equity		
Share capital	16	116,660
Share premium	17	1,344,953
Accumulated loss	17	(508,353)
Total equity		953,260

The notes on pages 20 to 40 form part of these financial statements.

These financial statements were approved by the Board of Directors on 31 August 2007

Signed on behalf of Board of Directors by

S Alikhani
Director

Company cash flow statement

For period from incorporation 10 March 2006 to 31 March 2007

	Notes	Period from 10 March 2006 to 31 March 2007 £
Net cash (outflow)/inflow from operating activities	28	(983,986)
Investing activities		
Interest received		3,797
Acquisition of property, plant and equipment		(20,176)
Investment		(457,079)
Net cash used in investing activities		**(473,458)**
Financing activities		
Proceeds on issue of shares (net of share issue costs)		1,461,613
Net cash from financing activities		**1,461,613**
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the year		-
Cash and cash equivalents at end of the year		**4,169**

The notes on pages 20 to 40 form part of these financial statements.

Notes to the financial statements

1. General information

ESV Group Plc is a company incorporated in Great Britain under the Companies Act 1985. It was incorporated on 10 March 2006.

This financial information is presented in pounds sterling. Each individual subsidiary company also prepares the financial accounts in their functional currency or the currency of the primary economic environment in which these companies operate, in the case of ESV Bio Africa Limitada in Mozambique is the Mozambique Meticals (MZN).

Foreign operations are included in accordance with the policies set out in note 2

At the date of the financial statements, the following Standards and Interpretations which have not been applied in this financial information were in issue but not yet effective:

IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards (effective from financial year commencing 1 April 2006).

IFRS 7 Financial instruments: Disclosures; and the related amendment to IAS 1, Presentation of financial Statements - Capital Disclosures. The Company will apply IFRS 7 and the amendment to IAS 1 for the year beginning 1 April 2007.

IFRS 8 Operating Segments (effective from 1 April 2009). The Company will apply this standard in the accounting period beginning on 1 April 2009 in the case it is endorsed by the EU.

IFRIC 4 Determining whether an Arrangement contains a Lease (effective from financial year commencing 1 April 2006). There was no impact of the adoption of IFRIC 4 on the results or net assets of the Company.

IFRIC 5 Right to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from financial year commencing 1 April 2006).

IFRIC 6 Liabilities Arising from Participating in a Specified Market – Waste Electrical and Electronic Equipment (effective from financial year commencing 1 April 2006).

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective for accounting periods on or after 1 March 2006). The effect of this interpretation has been assessed by management and the application will not result in any impact on the results or net assets of the Company.

IFRIC 8 Share-based payment transactions as defined in IFRS 2

IFRIC 9 Reassessment of Embedded Derivatives (effective for accounting periods on or after 1 June 2006). The effect of this interpretation has been assessed by management and the application will not result in any impact on the results or net assets of the Company.

IFRIC 10 Interim Financial Reporting and Impairment (effective for accounting periods beginning on or after 1 November 2006). The Company will apply IFRIC 10 from 1 April 2007 but it is not expected to have any impact on the Company's financial statements.

IFRIC 11, IFRS 2 Group and Treasury Share Transactions (effective for accounting periods beginning on or after 1 March 2007). As the Company has not entered into any such transactions, adoption of this standard is not expected to have any impact on the Company's financial statements.

IFRIC 12, Service Concession arrangements (effective for accounting periods beginning on or after 1 January 2008). IFRIC 12 is not relevant to the Company's operations due to the absence of such arrangements. IFRIC 12 has not yet been endorsed by the EU.

IAS 21 (Amendment), Net Investment in a Foreign Operation (effective from financial year commencing 1 April 2006). There was no impact of the adoption of IAS 29 on the results or net assets of the Company.

IAS 23 Amendment (effective for accounting periods beginning on or after 1 January 2009). The Company will apply the Amended IAS 23 from 1 April 2009 in the case it is endorsed by the EU, but is not expected to have any impact on the Company's financial statements.

IAS 39 (Amendment) The Fair Value Option (effective from financial year commencing 1 April 2006). There was no impact of the adoption of IAS 39 on the results or net assets of the Company.

IAS 39 (Amendment) Cash Flow Hedge Accounting of Forecast Intra-group Transactions Operation (effective from financial year commencing 1 April 2006).

IAS 39 and IFRS 4 Amendment Financial Guarantee Contracts (effective from financial year commencing 1 April 2006).

IAS 41 Accounting treatment for agricultural activity, the management of biological transformation of biological assets (living plants and animals) into agricultural produce.

The directors anticipate that the adoption of these Standards and Interpretations in later periods will not have a material impact upon the financial information of the Group.

2. Significant accounting policies

Basis of Accounting

The principal accounting policies adopted in the preparation of the financial statements are set out below.

The group financial statements consolidate those of the Company and entities controlled by the Company (its subsidiaries) as disclosed in Note 25c, together referred to as 'the Group'

The parent Company financial statements present information about the Company as a separate entity and not about its group. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" and "IFRIC" interpretations) as adopted by the European Union and also in accordance with the Companies Act 1985.

Going concern

These financial statements have been prepared on a going concern basis.

The Company financial statements are presented in Sterling and all values are rounded to the nearest pound except when otherwise indicated.

The accounting policies set out below have, unless otherwise stated, been applied consistently in these financial statements. Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates are discussed on page 27.

NOTES TO THE FINANCIAL STATEMENTS(CONT)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern a company's financial and operating policies of an investee entity so as to obtain benefits from its activities or where the group owns either directly or indirectly, the majority of a company's equity voting rights unless, in exceptional circumstances it can be demonstrated that ownership does not constitute control.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group.

The financial information of the subsidiaries is prepared for the same reporting year as the parent Company, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquisition, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments

The Group monitors internal and external indicators of impairment relating to investments.

The impairment of investments is considered at least annually. Consideration is given if any conditions indicating impairment exist. These conditions mainly depend on the benefit that the Company and group will obtain from the investment.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Foreign currencies

The financial information of each individual group company is presented in their functional currency or the currency of the primary economic environment in which these companies operate. For the purpose of the consolidated financial information, the results and financial position of each group company are expressed in pound sterling which is the presentation currency for the consolidated financial information.

In preparing the financial information of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for that period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

For the purpose of presenting consolidated financial information, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

Exchange differences recognised in the income statement of the Company's entities' separate financial statements on the translation of long-term monetary items forming part of the Company's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve. On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the income statement as part of the profit or loss.

Borrowing costs

Interest paid is normally written off against income as it is incurred. In the case of qualifying property, plant and equipment under construction and certain long term projects, interest on monies borrowed specifically for the projects is added to the costs until the projects become operational.

Tax

The tax expense represents the sum of the tax payable and deferred tax. The tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits

Notes to the financial statements(Cont)

2. Significant accounting policies (cont)

will be available against which the asset or the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Property, plant, motor vehicles and equipment

Land and buildings, water conservation works, motor vehicles and tractors, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost or their revalued amounts, being the fair value at the date of acquisition, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is provided to write down the cost, on the straight line basis over the expected useful lives of the assets concerned.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

>	Water conservation works	5%
>	Building improvements	5%
>	Tools and utensils	10%
>	Motor vehicles and tractors	20%
>	Office equipment	20%

Impairment of property, plant and equipment

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss statement.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Calculation of recoverable amount

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Reversal of impairment

Any impairment losses previously recognised are reversed if there has been a change in the estimates used to determine the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Agriculture

Biological assets (living plants and animals) which are transformed into agricultural produce (harvested product of the entity's biological assets) or into additional biological assets are measured on initial recognition and at subsequent reporting dates at fair value less estimated point-of-sale costs, unless fair value cannot be reliably measured.

All costs related to biological assets that are measured at fair value are recognised as expenses when incurred, other than costs to purchase biological assets.

If quoted market price in an active market is not available and if other methods of reasonably estimating fair value are inappropriate or unworkable, the asset is measured at cost less accumulated depreciation and impairment losses. All other biological assets are measured at fair value. If circumstances change and fair value becomes reliably measurable, a switch to fair value less point-of-sale costs is adopted.

Disclosure is also made on non-financial measures or estimates of the physical quantities of each group of the entity's biological assets at the end of the period and output of agricultural produce during the period. Disclosure is made of the methods and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest and each group of biological assets, less estimated point-of-sale costs of agricultural produce harvested during the period determined at the point of harvest.

Inventories

Inventories which include Jatropha plants are valued at the lower of cost or estimated net realisable value, determined on the first in first out basis. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location

NOTES TO THE FINANCIAL STATEMENTS(CONT)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT)

and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Where the time value of money is material, receivables are carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held on call with banks, and other short-term highly liquid investments in money market instruments, net of bank overdraft, all of which are available for use by the Company unless otherwise stated. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events for which it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the amount required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

Share-based payments

The Group utilises share warrants. The exercise price is determined by the directors and is fixed at the date of grant. Where share warrants are awarded to employees (including Directors) and consultants providing similar services, the fair value of the warrants at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of warrants that eventually vest.

Where the terms and conditions of warrants are modified before they vest, the increase in the fair value of the warrants, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Fair value is measured by comparison with similar companies on the Plus market..

The Company's investments in subsidiaries
In its separate financial statements the Company recognises its investments in subsidiaries at cost, less any impairment for permanent diminution in value. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

Financial instruments
Derivative financial instruments

The Company does not use derivative financial instruments.

Financial assets
The Company's principal financial assets are subsidiary loans, other receivables, deposits and cash and cash equivalents at fair value.

Financial liabilities (or a portion thereof) are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. On de-recognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and amount paid for it is included in the income statement.

Non-derivative financial instruments

Trade and other payables
Trade payables are not interest-bearing and are initially recognised at fair value and subsequently stated at amortised cost.

Loans receivable
Loans receivable are initially recognised at fair value and subsequently held at amortised cost using the effective interest method where maturity is fixed. Where maturity is not fixed, such assets are held at cost.

Equity instruments
Equity instruments issued by the Company are recorded at fair value.

Significant accounting estimates
The preparation of financial statements requires the application of estimate and judgement by management, which affects assets and liabilities at the balance sheet date and income and expenditure for the period. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out in the relevant accounting policies discussed below. The best estimates of management may differ from the actual results.

Pension costs
Retirement benefits for employees are provided for under a defined contribution pension fund plan. The Company's contributions for the year are charged against income.

NOTES TO THE FINANCIAL STATEMENTS(CONT)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT)

Critical accounting judgements and key sources of estimation uncertainty.

Critical judgements in applying the Group's accounting policies.

In the process of applying the Group's accounting policies, which are described above, management has made no critical judgement that have a significant effect on the amounts recognised in the financial information, apart from those involving estimations, which are dealt with below.

Key sources of estimation uncertainty.

Fair value of warrants issued

Warrants granted during the period are fair valued. The fair value of equity-based share warrants is estimated at the date of grant using an option-pricing model, taking into account the terms and conditions upon which the warrants were granted. The expected life of the warrants is based on academic research and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the comparator's volatility of future trends, which may also not necessarily be the actual outcome.

No other features of options granted were incorporated into the measurement of fair value.

The Company's shares are traded on the PLUS market, and the shares are not marketable on the AIM or the main market. The warrants were issued at 2 pence. The directors have been conservative in stating that the fair value is equal to 2 pence.

3. REVENUE – GROUP

		Period from 10 March 2006 to 31 March 2007 £
Farming and trading income		526,403
Growing stock	– Jatropha plants	264,279
Cost of sales	– Jatropha plants	(264,279)
	– Farming and trading	(333,078)
		193,325
Other operating income		
Financial income		3,797
		197,122

4. SEGMENT INFORMATION

The Group's business segments are the farming operations by ESV Bio Africa Limitada in Mozambique and the export of grains by Agri-Ukraine Limited from the Kherson terminal in Ukraine

5. Operating loss

Loss from operations includes the following:

	Period from 10 March 2006 to 31 March 2007	
	Group	Company
5.1 Administrative expense include:	£	£
Net foreign exchange losses	7,389	-
Depreciation of property, plant and equipment	20,058	2,910

5.2 Employee costs

Wages and salaries	399,031	265,000
Social security costs	26,880	26,880
	425,911	291,880

The average monthly number of employees (including directors) of the Company during the period is:

	Group Number	Company Number
Number of Directors	5	5
Staff	200	4
	205	9

5.3 Directors' emoluments

The directors are not in receipt of any non-cash benefits other than share warrants. No retirement benefits are accruing to directors under pension schemes, as a result there is no amounts payable in respect of retirement benefits to either directors or employees under any pension schemes. The directors receive reimbursement for reasonable expenses.

Key management personnel consist of only the Directors.

The highest paid director has emoluments totalling £30,000.

5.4 Audit services

	Period from 10 March 2006 to 31 March 2007
	£
Audit fees	8,000
Other services	
Other taxation services	1,000
Other services supplied under legislation	3,500
Total statutory audit fees	12,500

5.5 Other operating income

Other operating income during the period related to financial income as disclosed in Note 6.

Notes to the financial statements(Cont)

6. Finance income and expenses

6.a. Finance expenses

	Period from 10 March 2006 to 31 March 2007
	£
Bank charges	(737)
Bank interest payable	(8)
Total finance costs	(745)

6. b. Finance income

	£
Interest income	4,542
Total finance income	4,542

7. Current Tax – group

7.1 Tax charged in the income statement

Analysis of tax (charge)/credit

	Period from 10 March 2006 to 31 March 2007
Current tax	£
UK corporation tax	–
Foreign tax	–
Deferred taxation	
Deferred tax	302,305
Total tax	302,305

7.2 Reconciliation of the total tax charge

UK Corporation tax rate is 30%. The tax assessed on the loss on ordinary activities for the period is different from the standard rate of corporation tax in the UK. The charge for the period can be reconciled to the loss per the income statement as follows:

	Period from 10 March 2006 to 31 March 2007
	£
Loss on ordinary activities before tax	(508,353)
Tax at the UK Corporation tax rate of 30%	(152,506)
Tax effect of amounts that are not deductible/taxable in determining taxable profit	2,607
Tax effect of tax losses not recognised	149,899
Total tax charge for the period	–

The Company is carrying forward estimated tax losses of £499,664 in the United Kingdom.

No deferred tax provision has been made in respect of these carried forward losses due to the uncertainty over the availability of taxable profit against which these losses may be offset in the foreseeable future.

8. Deferred Tax

The deferred tax liability included in the balance sheet is as follows:

	Capex	Tax losses	Total
	£	£	£
At 10 March 2006	-	–	-
Deferred tax liability	302,305	–	302,305
Acquisition fair value adjustments	–	–	–
Deferred tax liability	302,305	–	302,305
Charge to income	–	–	–
Charge to minority interest	–	–	–
At 31 March 2007	302,305	–	302,305

During the year £Nil was credited to the Income statement.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is £Nil.

No liability was recognised in respect of these differences because the Group is in a position to control the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

Notes to the financial statements(Cont)

Deferred tax provision has been made in respect of the subsidiary's taxable profit against which these losses may be offset in the foreseeable future.

	Period from 10 March 2006 to 31 March 2007
	£
Amounts provided	302,305
Represented by:	
Estimated assessed loss	-
Land revaluation	302,305
At 32.2% tax (Mozambique Rate)	302,305

9. Loss per share

Basic loss per share amounts are calculated by dividing net loss for the period, attributable to ordinary equity holders of the parent, by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Period from 10 March 2006 to 31 March 2007
	£
Net loss attributable to equity holders of the parent	(508,353)

No diluted loss per share has been calculated as the Group has incurred a loss for the period

Issued number of shares	
Weighted average number of ordinary shares for the purpose of basic loss per share	443,765,208
Effect of dilutive potential share warrants	70,881,427
Weighted average number of ordinary shares for the purpose of diluted loss per share	514,646,635
Basic and diluted loss per share	(0.11)p
Pro forma basic loss per share	(0.10)p

The calculation of the pro forma loss per share on a fully diluted basis is based on the audited combined results of the Group for the period ended 31 March 2007, assuming a total of 507,215,789 shares is issued during the entire period and the weighted average number of 509,146,635 shares which could result from the full exercise of all the options that have been conditionally granted under the Warrant Option Scheme in issue on 21 August 2006.

10. Property, plant and equipment

	Water conservation works & building improvements	Farming land	Motor vehicles & tractors	Tools & utensils	Office Equipment	Total
	£	£	£	£	£	£
Cost or valuation						
At 10 March 2006	-	-	-		-	-
Additions	65,567	-	46,772	1,824	20,176	134,339
Land revaluation	-	938,835	-	-	-	938,835
At 31 March 2007	65,567	938,835	46,772	1,824	20,176	1,073,174
Accumulated depreciation						
At 10 March 2006	-	-	-		-	-
Charge for the period	9,201	-	7,795	152	2,910	20,058
At 31 March 2007	9,201	-	7,795	152	2,910	20,058
Net book value						
At 31 March 2007	56,366	938,835	38,977	1,672	17,266	1,053,116

Included within additions are the following amounts which were acquired with subsidiaries:

Water conservation work and building improvements – £65,567

Motor vehicles and tractors – £46,772

Tools and utensils – £1,824

11. Inventory

	Period from 10 March 2006 to 31 March 2007
	£
Jatropha plants	264,279
Nursery stock	63,780
Trees planted	200,499
	264,279

Inventories are carried at the lower of cost and net realisable value, which is calculated at fair value less costs to sell.

Notes to the financial statements(Cont)

12. Trade and other receivables

	Period from 10 March 2006 to 31 March 2007
	£
Trade receivables	16,881
Other receivables	536,728
	553,609

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

13. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balance in bank, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

14. Trade and other payables

	Period from 10 March 2006 to 31 March 2007
	£
Trade payables	41,363
Other payables	54,092
	95,455

Trade payables principally relate to outstanding amounts for ongoing costs. The Directors consider that the carrying amount of other payables approximates to their fair value.

15. Financial instruments and risk management

Risk and sensitivity analysis

The Group and Company ("The Group") is exposed through its operation to one or more of the following financial risks: foreign currency risk, liquidity risk, market price risk, interest rate risk and credit risk.

Foreign currency risk

The Group is exposed to foreign currency risk as it operates in Mozambique whose functional currency is the Mozambique meticals (MZN)

The most significant risk occurs on the translations of foreign operation resulting into sterling on consolidation. Almost 100% of each foreign operation's revenues and the bulk of each foreign operation's operating costs are incurred in local currency. Group companies therefore do not engage in foreign currency risk hedges.

Consistent with the majority of other international companies, the result of the Group's foreign operations are translated into pounds sterling at the average exchange rates for the period concerned.

The balance sheets of foreign operations are translated into pounds sterling at the closing exchange rates.

The Group also manages its currency exposure by retaining the majority of its cash balances in pounds sterling, being a strong stable currency.

Interest rate risk
The Group does not have any interest bearing liabilities.

Market price risk
The Group is exposed to market price risk through the changes in market prices for commodities. The Group manages this risk centrally with reference to annual budgets and periodic forecasts including sensitivity analysis of projected production rates and commodity prices.

Credit risk
The Group's principal financial assets are bank balances and cash, trade and other debtors.

The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk

The subsidiary's financial assets which potentially subject the Company to concentrations of credit risk consist solely of the loan to its subsidiary.

Liquidity risk
Liquidity risk is considered to be minimal.

Other risks
Due to the nature and extent of the Company's financial assets and liabilities, it is not unduly exposed to price risks and cash flow risks.

Fair values
The loans from the holding company to the subsidiary are denominated in pounds sterling.

The carrying amounts of the following financial instruments approximate their fair values:

- Cash at bank – deposits without specified maturity dates and bear interest at market-related rates.
- Accounts receivable – subject to normal credit terms and reflected net of doubtful debt provision
- Accounts payable – subject to normal credit terms and relatively short payment cycle.

Notes to the financial statements(Cont)

16. Share capital

	Period from 10 March 2006 to 31 March 2007 £
Authorised	
800,000,000 ordinary shares of £0.00023 each	184,000
Issued and fully paid	
507,215,789 ordinary shares of £0.00023 each	116,660

Movements in period

On incorporation on 10 March 2006, the Company issued 217,391,304 shares of 0.023 pence per share.

On 21 April 2006, the Company issued and allotted 221,179,798 shares of 0.023 pence per share.

On 11 October 2006 the Company issued and allotted 68,644,687 ordinary shares of 0.023 pence each at an average price of 2 pence per share.

	Number of shares No	Nominal value £	Consideration £
At 10 March 2006	217,391,304	50,000	50,000
21 April 2006	221,179,798	50,871	50,871
Shares at listing 21 August 2006	438,571,102	100,871	100,871
11 October 2006	68,644,687	15,789	1,360,742
At 31 March 2007	507,215,789	116,660	1,461,613

17. Reserves

	Share capital	Share premium	Translation reserve	Accumulated loss	Minority interest	Total
	£	£	£	£	£	£
At 10 March 2006	50,000	–	–	–	–	50,000
Proceeds on shares issued	66,660	1,344,953	–	–	–	1,411,613
Revaluation reserve	–	–	–	392,681	–	392,681
Minority Interest	–	–	–	–	243,849	243,849
Exchange differences on translation of overseas operations			(7,389)	–	–	(7,389)
Net loss for the period	–	–	–	(508,353)	–	(508,353)
At 31 March 2007	116,660	1,344,953	(7,389)	(115,672)	243,849	1,582,401

The translation of the Group's foreign operations to the functional currency at each balance sheet date gives rise to a foreign exchange difference that is initially recorded as a separate component of the equity, the translation reserve. This reserve is recognised into the income statement on the disposal of the foreign operation

18. Notes to the cash flow statement

	Period from 10 March 2006 to 31 March 2007 £
Cash flow from operating activities	(512,150)
Adjustments for:	
Depreciation of property, plant and equipment	20,058
Net foreign exchange (gain)/losses	(7,389)
Operating cash flows before movements in working capital	(499,481)
Increase in payables	95,455
Increase in receivables	(553,609)
Increase in inventories	(264,278)
Net cash (outflow)/inflow from operating activities	(1,221,913)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

19. Commitments and Contingent liabilities

Commitments

The Company has the following commitments to purchase land owning company, Inveragro in Mozambique.

(a) US$200,000 payable on 2nd April 2007
(b) US$250,000 payable on 1st December 2007
(c) US$250,000 payable on 1st August 2008
(d) US$250,000 payable on 1st July 2009

Contingencies

(1) In respect of Mozambique, the Company has made a claim to recover US$200,000 from a previous joint venture partner.

(2) The Company has a mediation on a soybean deal with a shareholder of the Company for a liability of approximately US$280,000.

20. Share based payments

Equity-settled share warrant scheme

The share-based payment arrangements made with creditors for the period amounts to £139,584.48 being 6,979,224 shares of nominal value £0.00023 of shares. The nature of the arrangement is for professional services received and arrangements had been made to settle the liability by issue of shares in the Company.

The fair value of the services received during the period has been measured at 2 pence per share (at which price was being offered to other investors).

Notes to the financial statements(Cont)

20. Share based payments (cont)

The total expenses recognised in the period arising from share-based payment transactions have been recognised as an expense. The expenses are set off against the share premium account and reduced creditors in the balance sheet.

The Group does not carry any liabilities arising from the above share-based transactions at the end of the period.

Share warrants

The Company has a share warrants scheme for some employees of the Group and consultants. The expense recognised for share-based payments in respect of share warrants granted during the year is £1,307,629

Warrants are exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period varies. If the warrants remain unexercised after a period of 5 years from the date of grant the warrants expire.

Warrants are forfeited if the employee leaves the group.

Details of the share warrants outstanding during the year are as follows:

	Number of share warrants	Weighted average exercise price £
At 10 March 2006	–	–
Granted during the period	65,381,427	1,307,629
Outstanding and exercisable at 31 March 2007	65,381,427	1,307,629

The warrants may be exercised at any time from 21 August 2006 to 21 August 2011.

There were 65,381,427 warrants outstanding as at 31 March 2007. No warrants were exercised during the period.

The expected life of the warrants is based on academic research and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the comparator's volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of warrants granted were incorporated in the measurement of fair value.

21. Events after the balance sheet date

1. ***Bio-fuels project***

   As announced to the market on 25 May 2007, ESV Group Plc acquired an 11,000 hectares estate by the purchase of a Mozambique company Inveragro SARL for a purchase price of US$ 1 million (£503,449) and the issue of 18,453,500 ESV shares.

2. ***Lease agreement***

   ESV Group Plc signed a sixty year lease agreement with The Port Authority of Zeeland Seaports in the port area of Terneuzen, locally known as the Axel Plain, for a development of a 200metre quay and a storage and logistics facility of 600,000 metric tons.

22. Related party transactions

Casa Management NV, a company of which R Maas is a director, invoiced the Company £10,000 in respect of his consultancy fees during the period.

23. Financial assets and liabilities

Credit risk

Financial assets which potentially subject the Company to concentrations of credit risk consists solely of the loan to its subsidiary.

Liquidity risk

Liquidity risk is considered to be minimal.

24. Pensions

There are no pension schemes in place in the Group.

25.a. Investments

At 31 March 2007 the Group has investments in the following:

	Total
	£
At 10 March 2006	-
Trading investments	104,988
31 March 2007	104,988

The Group has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

The investments included above represent investments in non-listed securities

25.b. Investment – Company

	Subsidiaries	Others	Total
			£
At 10 March 2006			-
Investment in subsidiaries	352,091	-	352,091
Investment - others	-	104,988	104,988
31 March 2007	352,091	104,987	457,079

25.c. Subsidiaries - Company

	Subsidiaries	Total
		£
At 10 March 2006		–
Purchase of shares	591	591
Loans	351,500	351,500
Revaluation		
31 March 2007	352,091	352,091

25.c. Subsidiaries – Company (cont)

Details of the Company's principal subsidiaries, all of which have been included in these consolidated financial statements at 31 March 2007 are as follows:

Name	Principal activity	Country of Incorporation and operation	Proportion of ownership interest Company %	Proporation of voting power held Group %
ESV-Ukraine	Dormant	UK	100%	100%
ESV Bio-Fuels	Dormant	UK	100%	100%
ESV Bio-Africa Limitada	Bio-fuels	Mozambique	60%	60%

The Group's interests in these subsidiaries are held directly.

26. Trade and other receivables – Company

	Period from 10 March 2006 to 31 March 2007 £
Trade debtors	16,881
Other debtors	536,728
	553,609

27. Trade and other payables - Company

	Period from 10 March 2006 to 31 March 2007 £
Trade creditors	41,363
Accruals and provisions	37,500
	78,863

28. Notes to the cash flow statement - Company

	Period from 10 March 2006 to 31 March 2007 £
Operating loss from continuing operations	(512,150)
Depreciation of property, plant and equipment	2,910
Operating cash flows before movements in working capital	(509,240)
Increase in receivables	(553,609)
Increase in payables	78,863
Net cash (outflow)/inflow from operating activities	(983,986)

Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 10.30 a.m. on 16 November 2007 at the offices of ESV Group Plc ("the Company") 2nd floor, 19/20 Grosvenor Street, London W1K 4QH for the purpose of considering and if thought fit, passing the following resolutions, of which Resolutions Numbered 1 to 8 will be proposed as Ordinary Resolutions and Resolution Numbered 9 will be proposed as a Special Resolution:

1. To receive the report of the Directors and Auditors and to adopt the financial statements for the period ended 31 March 2007.
2. To appoint Henderson & Co as Auditors of the Company and to authorise the directors to agree their remuneration.
3. To elect Mr Masoud Alikhani as a director of the Company.
4. To elect Mr Said Alikhani as a director of the Company.
5. To elect Mr P Howell as a director of the Company.
6. To elect Mr R Maas as a director of the Company.
7. To elect Mr J Stevens as a director of the Company.
8. That in substitution for all existing authorities the Directors be generally and unconditionally authorised pursuant to Section 80 of the Companies Act ("the Act") to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £46,793 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) fifteen months after the date of passing this resolution or at the conclusion of the Annual General Meeting of the Company to be held in 2008 which ever first occurs, save that the Company may make an offer or agreement which would or might require securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired.
9. That subject to the passing of the previous resolution the directors be and they are hereby empowered (in substitution for and to the exclusion of any other existing powers save to the extent that the same have been previously exercised) pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of the Act) of the Company for cash pursuant to the authority conferred on them in accordance with Section 80 of the Act by this meeting of the members of the Company to allot relevant securities (as defined in Section 80(2) of the Act) as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:

   (a) to allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company in proportion (as nearly as maybe) to their existing holdings of ordinary shares but subject to the directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient:

      (i) to deal with equity securities representing fractional entitlements; or

(ii) to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities which are, or are to be, wholly paid up in cash up to an aggregate nominal amount of £46,793.

This power shall (unless previously revoked or varied by the Company in general meeting) expire fifteen months after the date of the passing of this Resolution or at the conclusion of the Annual General Meeting of the Company to be held in 2008 whichever first occurs save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

Registered office
19/20 Grosvenor Street
London W1K 4QH

By order of the Board

M A Alikhani

31 August 2007

Note

1. Any member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and, and on a poll, vote on his/her behalf. A proxy need not be a member of the Company. The completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person.

2 A form of Proxy is provided with this notice and instructions for use are shown on the form. To be valid, a forms of Proxy, and any power of attorney under which it is signed, or notarially certified, must be returned in hard copy form by post, by courier or by hand at the offices of the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR not less than 48 hours before the time of the Annual General Meeting.

3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only those persons whose names are entered on the register of the Company 48 hours before the time appointed for the meeting or any adjourned meeting shall be entitled to attend the meeting or any adjourned meeting and to vote in respect of the number of shares registered in their name at that time. Changes to the register of members after the time shall be disregarded in determining of any persons to attend and/or vote at that meeting or any adjourned meeting.