# ESV Group Plc

## Report and financial statements
## 31 March 2008

# Contents

# Directors and Advisers

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

# Chairman's statement

The Group continues to make good progress in Mozambique. To date Jatropha planting has increased to 5,280 hectares out of the first 11,000 hectares we acquired. We have opened a second nursery and we have an option over a further 30,000 hectares for future expansion which we will not activate until we have finance to commit.

In Terneuzen, The Netherlands, we have concluded a joint venture agreement with an experienced company to work jointly with us to obtain necessary permits, and introduce strategic partners, to commence the development of the raw vegetable oil and oilseed tank terminal.

The grain terminal managed by ESV in Kherson Sea Port, Ukraine is operating satisfactorily. Due to our management and marketing efforts, we expect to receive a management fee nearly three times the normal contracted amount. We are in discussion with strategic partners to expand those facilities, and to build and deploy a floating crane offshore Kherson.

Our subsidiary, ESV Trading Belgium, has secured trade finance and during the year carried out trading in grain. We have not activated the purchase agreement with Agri-Ukraine Ltd as we are positioning ourselves in the volatile market conditions.

## Financing

The Group raised GBP 1.8 million before expenses during the latter part of the year via a private placement of shares mainly with institutional investors. The Group has made significant progress with this funding. Our operations are well positioned to provide supplies and logistics to the biofuel and traditional grain and seed markets. We continue to seek further financing to expand our operations.

## Going concern

In order to maintain and expand our operations, we need finance, and our track record shows that we have been able to meet our needs as arising. We have created a substantial asset base in terms of the Jatropha plantation in Mozambique, and we are in the process of negotiations to bring together strategic partners to take forward the significant logistics business in Terneuzen. Our acquisition of the Mozambique operation is subject to final payment of GBP 275,000 (USD 500,000) in total. We are confident of meeting this payment.

## Results for the year

The Group loss for the year amounts to GBP 614,750 compared with GBP 508,353 for the prior period. The turnover comprises the grain trading by ESV Trading Belgium of GBP 654,267 and the fee of GBP 156,316 receivable for the management of grain terminal in Kherson Sea Port. The administrative expenses include the management expenses for the development of the Group's businesses, mainly Mozambique.

M A Alikhani
*Chairman*

29 August 2008

# Directors report

The Directors present their report and the audited financial statements of the Company for the year to 31 March 2008. The comparative figures relate to the period from incorporation on 10 March 2006 to 31 March 2007.

## Principal Activity

The Company is a holding company overseeing subsidiaries engaged in growing Jatropha plants to provide oil to the biofuel sector, port operations and development in Ukraine and Netherlands, and grain trading.

## Review of the Business and Future Developments

The Group's performance during the period and expected future developments are described in the Chairman's Review on page 3.

## Risk

The Directors consider that there are the following material risks associated with the Group's operations:

**Business and political risks**

- ESV is currently involved in Jatropha farming in Mozambique to supply oil to the biofuel industry. ESV is also engaged in operating port facilities in Kherson Sea Port, Ukraine.

  ESV is in discussion with strategic partners to expand both the above businesses.

- ESV activities rely on no material Goverment changes affecting the above activities.

- **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): Ukraine and Mozambique are not part of the European Union. 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 if CAP affects ESV's operations.

– 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.

– 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.

The Company is vulnerable to addional risks which are detailed in Note 15.

## Results and Dividends

The results to 31March 2008 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 11.

The Directors do not recommend the payment of a dividend for the period ended 31 March 2008.

## 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 at 31 March 2008 | % of holding of issued share capital |
|---|---|---|---|
| M Alikhani | | 34,744,836 | 5.01 |
| R Maas * | | 33,502,608 | 4.83 |
| S Alikhani | | 18,212,265 | 2.63 |
| J Stevens ** | | 5,115,000 | 0.74 |
| P Howell | (Resigned 3 March 2008) | – | – |

* 8,652,741 of the shares disclosed under R.Maas are held by Agro-Maas (UK) Ltd. R Maas is beneficial owner of 25% of Agro-Maas (UK) Ltd.

* 990,000 of the shares disclosed under J. Stevens are held by Capet Limited. J. Stevens is beneficial owner of 99% of Capet Limited.

## 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 year 186,107,400 ordinary shares were issued to provide further working capital of £1.9m. Following warrants have been agreed for the Directors for which contracts have not been issued.

| | Warrants at 31 March 2008 | 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 Company has also agreed share warrants for other key employees and consultants for which contacts are not issued, details of which are in Note 20.

**Substantial shareholdings**

The Company is aware that as at 25 August 2008 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 25 August 2008 | % of holding |
|---|---|---|
| Vidacos Nominee Limited DMG 7 | 90,000,000 | 12.60 |
| Vidacos Nominee Limited KBC 1 | 56,017,188 | 7.84 |
| Masoud Alikhani Esq | 34,744,836 | 4.86 |
| Agro-Maas (UK) Ltd | 34,610,964 | 4.85 |
| Globex Holdings Ltd | 34,400,000 | 4.82 |
| Gleb Tsentner Esq | 33,204,029 | 4.65 |
| BNY (OCS) Nominees Limited | 30,000,000 | 4.20 |
| HSBC Global Custody Nominee (UK) Limited | 28,126,802 | 3.94 |
| Ukraine Holdings Limited | 27,205,000 | 3.81 |
| Ronny Maas Esq | 24,849,867 | 3.48 |

## Annual General Meeting

Resolutions will be proposed at the Annual General Meeting as set out in the formal notice on pages 39 to 41. The following explanatory notes relate to Resolutions numbered 3 to 5 which will constitute special business.

(1) Resolution 3 - To increase the authorised capital of the Company from £184,000 to £276,000.

(2) Resolution 4 - 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 £111,751.66 such authority shall expire on whichever is earlier of the conclusion of the Annual General Meeting of the Company to be held in 2009 or the date falling 15 months from the date of passing of this resolution.

(3) Resolution 5 - is to renew the Directors' authority to allot relevant securities up to a nominal value of £111,751.66 representing 100 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 £0.00023 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 2009 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 2008 were equivalent to 68 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 is not less than their book value.

**Charitable and political contributions**

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

**Disabled employees**

Applications for employmen by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the group that the training/career development and promotion of disabled persons should, as far possible, be indentical to that of other employees.

**Employee consultation**

The Group places considerable value on the involement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meeting.

## Environmental Matters

Regular review is 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.

## Disclosure of Information 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

M.A. Alikhani

29 August 2008

# 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
- prepare the accounts on a going concern basis unless, having assessed the ability of the Group to continue as a going concern, management intends to liquidate the entity or cease trading, or have no realistic alternative but to do so.

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

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.

# 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 year to 31 March 2008 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 are 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.

**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 2008 and of the Group's and Company's loss for the year 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.

**Emphasis of Matter – going concern**

Without qualifying our opinion, we draw attention to the disclosure made in note 1(a) of the financial statements concerning the Group's ability to continue as a going concern which would depend upon continued finance being available to finance the Group's operations. The financial statements do not include the adjustments that would result if the Company or the Group was unable to continue as a going concern as it is not practicable to determine or quantify them.

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

29 August 2008

# Consolidated income statement

## Year ended 31 March 2008

| | Note | Year ended 31 March 2008 £ | Period from 10 March 2006 to 31 March 2007 £ |
|---|---|---|---|
| Revenue | 4 | **810,583** | 526,403 |
| Cost of sales | 3 | **(603,402)** | (333,078) |
| Gross profit | | **207,181** | 193,325 |
| Cost of production - Jatropha | | **(501,353)** | (264,279) |
| Growing stock – Jatropha plant | | **501,353** | 264,279 |
| Administrative expenses | | **(810,926)** | (705,475) |
| **Operating loss** | 5 | **(603,745)** | (512,150) |
| Finance income | 6 | **2,806** | 4,542 |
| Finance costs | 6 | **(13,811)** | (745) |
| **Loss before taxation** | | **(614,750)** | (508,353) |
| Taxation | 7 | **–** | – |
| **Loss for the year** | | **(614,750)** | (508,353) |
| Attributable to: | | | |
| Equity holders of the parent | 17 | **(614,750)** | (508,353) |
| Minority interest | 17 | **–** | – |
| | | **(614,750)** | (508,353) |
| **Loss per share** | | | |
| Basic and diluted | 9 | **(0.11)p** | (0.11)p |

All amounts relate to continuing activities.
The notes on pages 18 to 38 form part of these financial statements.

The Board is not recommending the payment of a dividend in respect of the year ended 31 March 2008.

# Consolidated statement of recognised income and expenses

## For the year ended 31 March 2008

| | Notes | **Year ended 31 March 2008 £** | Period from 10 March 2006 to 31 March 2007 £ |
|---|---|---|---|
| Exchange differences on translation of foreign operations | | **(21,185)** | (7,389) |
| Loss for the year | 17 | **(614,750)** | (508,353) |
| Total income and expense recognised | | **(635,935)** | (515,742) |
| Attributable to: | | | |
| Equity holders of the parent | | **(635,935)** | (515,742) |
| Minority interest | | **–** | – |
| | | **(635,935)** | (515,742) |

The notes on pages 18 to 38 form part of these financial statements.

# Consolidated balance sheet

## As at 31 March 2008

| | Note | 31 March 2008 £ | 31 March 2007 £ |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | **1,300,734** | 1,053,116 |
| Investments | 25 | **517,132** | 104,988 |
| | | **1,817,866** | 1,158,104 |
| **Current assets** | | | |
| Inventory | 11 | **812,072** | 264,279 |
| Trade and other receivables | 12 | **449,236** | 553,609 |
| Cash and cash equivalents | 13 | **551,287** | 4,169 |
| | | **1,812,595** | 822,057 |
| **Total assets** | | **3,630,461** | 1,980,161 |
| **Current liabilities** | | | |
| Trade and other payables | 14 | **(440,911)** | (95,455) |
| | | **(440,911)** | (95,455) |
| **Net current assets** | | **1,371,684** | 726,602 |
| **Non-current liabilities** | | | |
| Deferred tax | 8 | **(314,769)** | (302,305) |
| | | **(314,769)** | (302,305) |
| **Total liabilities** | | **(755,680)** | (397,760) |
| **Net assets** | | **2,874,781** | 1,582,401 |
| **Equity** | | | |
| Share capital | 16 | **159,465** | 116,660 |
| Share premium | 17 | **3,127,589** | 1,344,953 |
| Revaluation reserve | 17 | **739,404** | 392,681 |
| Translation reserve | 17 | **(28,574)** | (7,389) |
| Accumulated loss | 17 | **(1,123,103)** | (508,353) |
| Equity attributable to equity holders of the parent | 17 | **2,874,781** | 1,338,552 |
| Minority interest | 17 | **–** | 243,849 |
| **Total equity** | | **2,874,781** | 1,582,401 |

The notes on pages 18 to 38 form part of these financial statements.

These financial statements were approved by the Board of Directors on 29 August 2008

Signed on behalf of Board of Directors by

M.A. Alikhani

Director

# Consolidated cash flow
## For the year ended 31 March 2008

| | Note | Year ended 31 March 2008 £ | Period from 10 March 2006 to 31 March 2007 £ |
|---|---|---|---|
| **Net cash outflow from operating activities** | 18 | **(671,500)** | (1,244,585) |
| **Investing activities** | | | |
| Interest received | 6 | **2,806** | 4,542 |
| Interest paid | | **(13,811)** | (745) |
| Acquisition of property, plant and equipment | 10 | **(188,916)** | (134,339) |
| Investment | 25 | **(412,144)** | (104,988) |
| **Net cash used in investing activities** | | **(612,065)** | (235,530) |
| **Financing activities** | | | |
| Proceeds on issue of shares (net of share issue costs) | 16 | **1,825,441** | 1,461,613 |
| **Net cash from financing activities** | | **1,825,441** | 1,461,613 |
| **Net increase in cash and cash equivalents** | | **541,876** | (18,502) |
| Cash and cash equivalents at beginning of the year | | **4,169** | – |
| Effect of foreign exchange rate changes | | **5,242** | 22,671 |
| **Cash and cash equivalents at end of the year** | | **551,287** | 4,169 |

The notes on pages 18 to 38 form part of these financial statements.

# Company income statement

## For the year ended 31 March 2008

| | Notes | Year ended 31 March 2008 £ | Period from 10 March 2006 to 31 March 2007 £ |
|---|---|---|---|
| Revenue | 4 | **156,316** | 193,325 |
| Administrative expenses | | **(728,010)** | (705,475) |
| **Operating loss** | 5.1 | **(571,694)** | (512,150) |
| Finance income | 6(d) | **2,124** | 4,542 |
| Finance cost | 6(c) | **–** | (745) |
| **Loss before taxation** | | **(569,570)** | (508,353) |
| Taxation | | – | - |
| **Loss for the year** | 17(b) | **(569,570)** | (508,353) |
| **Loss per share** | | | |
| Basic and diluted | | **(0.10)p** | (0.11)p |

The above results relate to continuing operations.

The notes on pages 18 to 38 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 2008

| | Note | 31 March 2008 | 31 March 2007 |
|---|---|---|---|
| **Non-current assets** | | **£** | £ |
| Property, plant and equipment | 10 | **13,231** | 17,266 |
| Investment - subsidiary | 25 | **1,147,830** | 352,091 |
| - others | 25 | **517,132** | 104,988 |
| | | **1,678,193** | 474,345 |
| **Current assets** | | | |
| Trade and other receivables | 26 | **478,149** | 553,609 |
| Cash and cash equivalents | | **427,254** | 4,169 |
| | | **905,403** | 557,778 |
| **Total assets** | | **2,583,596** | 1,032,123 |
| **Current liabilities** | | | |
| Trade and other payables | 27 | **(374,465)** | (78,863) |
| | | **(374,465)** | (78,863) |
| **Net current assets** | | **530,938** | 478,915 |
| **Net assets** | | **2,209,131** | 953,260 |
| **Equity** | | | |
| Share capital | 16 | **159,465** | 116,660 |
| Share premium | 17 | **3,127,589** | 1,344,953 |
| Accumulated loss | 17 | **(1,077,923)** | (508,353) |
| **Total equity** | | **2,209,131** | 953,260 |

The notes on pages 18 to 38 form part of these financial statements.
These financial statements were approved by the Board of Directors on 29 August 2008
Signed on behalf of Board of Directors by

M.A. Alikhani
Director

# COMPANY CASH FLOW STATEMENT
## FOR THE YEAR ENDED 31 MARCH 2008

| | Notes | **Year ended 31 March 2008 £** | Period from 10 March 2006 to 31 March 2007 £ |
|---|---|---|---|
| Net cash outflow from operating activities | 28 | **(196,597)** | (983,986) |
| **Investing activities** | | | |
| Interest received | 6(c)&(d) | **2,124** | 3,797 |
| Acquisition of property, plant and equipment | | **–** | (20,176) |
| Investment | | **(1,207,883)** | (457,079) |
| **Net cash used in investing activities** | | **(1,205,759)** | (473,458) |
| **Financing activities** | | | |
| Proceeds on issue of shares (net of share issue costs) | 16 | **1,825,441** | 1,461,613 |
| **Net cash from financing activities** | | **1,825,441** | 1,461,613 |
| **Net increase in cash and cash equivalents** | | **423,085** | 4,169 |
| Cash and cash equivalents at beginning of the year | | **4,169** | - |
| **Cash and cash equivalents at end of the year** | | **427,254** | 4,169 |

The notes on pages 18 to 38 form part of these financial statements.

# Notes to the financial statements

## 1(a). Going concern

In order to maintain and expand our operations, we need finance, and our track record shows that we have been able to meet our needs as arising. We have created a substantial asset base in terms of the Jatropha plantation in Mozambique, and we are in the process of negotiations to bring together strategic partners to take forward the significant logistics business in Terneuzen. Our acquisition of the Mozambique operation is subject to final payment of GBP 275,000 (USD 500,000) in total. We are confident of meeting this payment.

## 1(b). 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 8 Operating Segments (effective from 1 January 2009).

IFRS 13 Customer Loyalty Programmes (effective from 1 July 2008).

Amendment to IAS 27: Consolidated and Separate Financial Statements (effective from 1 July 2009).

Amendment to IFRS 2: Share based payments-Vesting Conditions and Cancellations (effective from 1 January 2009).

Amendment to IAS 32: Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements- puttable Financial Instruments and Obligations Arising on Liquidation (effective from 1 January 2009)

Revision to IAS 23: Borrowing costs (effective from 1 January 2009).

Revision to IFRS 3: Business combinations (effective from 1 July 2009).

Revision to IAS 1: Presentation of Financial Statements (effective from 1 January 2009).

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 25b, 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.

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 stated below.

**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

# Notes to the financial statements(Cont)

## 2. Significant accounting policies (cont)

**Revenue recognition (cont)**

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 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% |

# NOTES TO THE FINANCIAL STATEMENTS(CONT)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT)

**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 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.

# Notes to the financial statements(Cont)

## 2. Significant accounting policies (cont)

**Provisions and contingencies (cont)**
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.

**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

| | | Year ended 31 March 2008 £ | Period from 10 March 2006 to 31 March 2007 £ |
|---|---|---|---|
| Farming and trading income | | **810,583** | 526,403 |
| Growing stock | – Jatropha plants | **501,353** | 264,279 |
| Cost of sales | – Jatropha plants | **(501,353)** | (264,279) |
| | – Farming and trading | **(603,402)** | (333,078) |
| | | **207,181** | 193,325 |
| Other operating income | | | |
| Financial income | | **2,806** | 4,542 |
| Finance costs | | **(13,811)** | (745) |
| | | **196,176** | 197,122 |

# Notes to the financial statements(Cont)

## 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.

| | 31 March 2008 | Period from 10March2006to 31 March 2007 |
|---|---|---|
| | **£** | £ |
| UK income | **156,316** | 193,325 |
| Belgian/Ukranine | **654,267** | 333,078 |
| | **810,583** | 526,403 |

## 5. Operating loss

Loss from operations includes the following:

| | Year ended 31 March 2008 | | Period from 10 March 2006 to 31 March 2007 | |
|---|---|---|---|---|
| | **Group** | **Company** | Group | Company |
| **5.1 Administrative expense include:** | **£** | **£** | £ | £ |
| Net foreign exchange losses | **21,185** | **–** | 7,389 | – |
| Depreciation of property, plant and equipment | **26,397** | **4,035** | 20,058 | 2,910 |
| **5.2 Employee costs** | | | | |
| Wages and salaries | **296,085** | **290,000** | 399,031 | 265,000 |
| Social security costs | **30,402** | **26,880** | 26,880 | 26,880 |
| | **326,488** | **316,880** | 425,911 | 291,880 |

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

| | 31 March 2008 | | 31 March 2007 | |
|---|---|---|---|---|
| | **Group Number** | **Company Number** | Group Number | Company Number |
| Number of Directors | **4** | **4** | 5 | 5 |
| Staff | **678** | **4** | 200 | 4 |
| | **682** | **8** | 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 amount payable in respect of retirement benefits to either directors or employees under any pension schemes. The directors receive reimbursement for reasonable expenses. Total directors remuneration for the year amounted to £145,000 (2007 £135,000).

Key management personnel consist of only the Directors.

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

## 5. Operating loss (cont)

### 5.4 Audit services

| | Year ended 31 March 2008 | Period from 10March2006to 31 March 2007 |
|---|---|---|
| | **£** | £ |
| Audit fees | **12,169** | 8,000 |
| Other services | | |
| Other taxation services | **1,000** | 1,000 |
| Other services supplied under legislation | **5,159** | 3,500 |
| Total statutory audit fees | **18,328** | 12,500 |

Included in Audit fees is Mozambique costs of £3,169 and other services £3,659.

### 5.5 Other operating income

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

## 6. Finance income and expenses

### 6.a. Finance expenses – Group

| | Year ended 31 March 2008 | Period from 10March2006to 31 March 2007 |
|---|---|---|
| | **£** | £ |
| Bank charges | **(3,146)** | (737) |
| Bank interest payable | **(10,665)** | (8) |
| Total finance costs | **(13,811)** | (745) |

### 6. b. Finance income – Group

| | | |
|---|---|---|
| | **£** | £ |
| Interest income | **2,806** | 4,542 |
| Total finance income | **2,806** | 4,542 |

Included in the Finance expenses are Mozambique bank charges of £1,597.

### 6.c. Finance expenses – Company

| | | |
|---|---|---|
| | **£** | £ |
| Bank charges | **–** | 737 |
| Bank interest payable | **–** | 8 |
| Total finance costs | **–** | 745 |

### 6. d. Finance income – Company

| | | |
|---|---|---|
| | **£** | £ |
| Interest income | **2,124** | 4,542 |

# NOTES TO THE FINANCIAL STATEMENTS(CONT)

## 7. CURRENT TAX – GROUP

### 7.1 Tax charged in the income statement

Analysis of tax (charge)/credit

| | 31 March 2008 | Period from 10March2006to 31 March 2007 |
|---|---|---|
| | **£** | £ |
| Current tax | | |
| UK corporation | – | – |
| Foreign tax | – | – |
| Deferred taxation | | |
| Deferred tax | – | – |
| Total tax | – | – |

### 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:

| | 31 March 2008 | Period from 10March2006to 31 March 2007 |
|---|---|---|
| | **£** | £ |
| Loss on ordinary activities before tax | **(614,750)** | (508,353) |
| Tax at the UK Corporation tax rate of 30% (2007: 30%) | **(184,425)** | (152,506) |
| Tax effect of amounts that are not deductible/taxable in determining taxable profit | **10,663** | 2,607 |
| Tax effect of tax losses not recognised | **173,762** | 149,899 |
| Total tax charge for the period | **–** | – |

The Company is carrying forward estimated tax losses of £1,033,693 (2007: £499,665) 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 |
|---|---|
| | £ |
| At 10 March 2006 | – |
| Deferred tax liability | 302,305 |
| Exchange adjustment | 12,464 |
| At 31 March 2008 | 314,769 |

The deferred taxation represents Mozambique rate of tax at 32.2% on the value of the farming land.

## 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.

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

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

| | **Year ended 31 March 2008** | Period from 10March2006to 31 March 2007 |
|---|---|---|
| | **£** | £ |
| Net loss attributable to equity holders of the parent | **(614,756)** | (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 | **540,081,965** | 443,765,208 |
| Basic loss per share | **(0.11)p** | (0.11)p |

# Notes to the financial statements(Cont)

## 10. Property, plant and equipment

| | Water conservation works & building improvements | Farming land | Vehicles & tractors | Tools & utensils | UK - 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 1 April 2007 | 65,567 | 938,835 | 46,772 | 1,824 | 20,176 | 1,073,174 |
| Additions | 159,713 | – | 26,326 | 2,877 | – | 188,916 |
| Exchange adjustment | 12,477 | 74,684 | 4,139 | 262 | – | 91,562 |
| **At 31 March 2008** | **237,758** | **1,013,519** | **77,237** | **4,963** | **20,176** | **1,353,652** |
| **Accumulated depreciation** | | | | | | |
| At 10 March 2006 | – | – | – | – | – | – |
| Charge for the period | 9,201 | – | 7,795 | 152 | 2,910 | 20,058 |
| At 1 April 2007 | 9,201 | – | 7,795 | 152 | 2,910 | 20,058 |
| Exchange adjustment | 1,146 | – | 1,247 | 35 | – | 2,428 |
| Charge for the period | 11,275 | – | 14,651 | 471 | 4,035 | 30,432 |
| **At 31 March 2008** | **21,622** | **–** | **23,693** | **658** | **6,945** | **52,918** |
| **Net book value** | | | | | | |
| **At 31 March 2008** | **216,136** | **1,013,519** | **53,543** | **4,305** | **13,231** | **1,300,734** |
| At 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 – £225,280
Motor vehicles and tractors – £73,098
Tools and utensils – £4,701

## 11. Inventory

| | Year ended 31 March 2008 | Period from 10March2006to 31 March 2007 |
|---|---|---|
| | **£** | £ |
| Jatropha plants | **812,072** | 264,279 |
| Nursery stock | **450,862** | 63,780 |
| Trees planted | **361,210** | 200,499 |
| | **812,072** | 264,279 |

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

## 12. Trade and other receivables

| | Year ended 31 March 2008 | Period from 10 March 2006 to 31 March 2007 |
|---|---|---|
| | **£** | £ |
| Trade receivables | **35,141** | 16,881 |
| Other receivables | **414,095** | 536,728 |
| | **449,236** | 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

| | Year ended 31 March 2008 | Period from 10 March 2006 to 31 March 2007 |
|---|---|---|
| | **£** | £ |
| Trade payables | **137,520** | 41,363 |
| Other payables | **303,391** | 54,092 |
| | **440,911** | 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.

# NOTES TO THE FINANCIAL STATEMENTS(CONT)

## 15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT)

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.

## 16. Share capital

| | Year ended 31 March 2008 £ | Period from 10 March 2006 to 31 March 2007 £ |
|---|---|---|
| **Authorised** | | |
| 800,000,000 ordinary shares of £0.00023 each | **184,000** | 184,000 |
| **Issued and fully paid** | | |
| 693,323,189 ordinary shares of £0.00023 each | **159,465** | 116,660 |

**Movements in period**

On 3 September 2007, the Company issued 18,453,500 shares of 0.023 pence per share at 1 pence per share.

On 11 November 2007, the Company issued and allotted 9,107,400 shares of 0.023 pence per share at 2 pence per share.

On 13 and 29 February 2008, the Company issued and allotted 156,520,000 and 2,026,500 ordinary shares of 0.023 pence at an average price of 1 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 |
| Share issues: | | | |
| 3 September 2007 | 18,453,500 | 4,244 | 184,535 |
| 11 November 2007 | 9,107,400 | 2,095 | 182,148 |
| 13 February 2008 | 156,520,000 | 36,000 | 1,428,493 |
| 29 February 2008 | 2,026,500 | 466 | 30,265 |
| At 31 March 2008 | 693,323,189 | 159,465 | 3,287,054 |

# Notes to the financial statements(Cont)

## 17.(a) Reserves (Group)

| | Share capital | Share premium | Revaluation reserve | Translation reserve | Accumulated loss | Minority interest | Total |
|---|---|---|---|---|---|---|---|
| | £ | £ | | £ | £ | £ | £ |
| At 10 March 2006 | 50,000 | – | | – | – | – | 50,000 |
| Shares issued | 66,660 | 1,344,953 | | – | – | – | 1,411,613 |
| Revaluation reserve | – | – | 392,681 | – | – | – | 392,681 |
| Minority interest in farm valuation | – | – | – | – | – | 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 | 392,681 | (7,389) | (508,353) | 243,849 | 1,582,401 |
| Acquisition of minority interest | – | – | 243,849 | – | – | (243,849) | – |
| Net loss for the year | – | – | – | – | (614,750) | – | (614,750) |
| Shares issued | 42,805 | 1,782,636* | – | – | – | – | 1,825,441 |
| Property revaluation reserve | – | – | 102,874 | – | – | – | 102,874 |
| Exchange differences on translation of overseas operations | – | – | – | (21,185) | – | – | (21,185) |
| **At 31 March 2008** | **159,465** | **3,127,589** | **739,404** | **(28,574)** | **(1,123,103)** | **–** | **2,874,781** |

*(a) The share premium is stated after charging £136,707 of share issue expenses.

(b) Property revaluation reserve comprises the value of cleared land net of deferred taxation.

(c) The translation of the group's foreign operations to the functional currency at each balance sheet 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.

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.

## 17.(b) Reserves (Company)

| | Share capital | Share premium | Accumulated loss | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 10 March 2006 | 50,000 | – | – | 50,000 |
| Shares issued | 66,660 | 1,344,953 | – | 1,411,613 |
| Net loss for period | – | – | (508,353) | (508,353) |
| **At 31 March 2007** | **116,660** | **1,344,953** | **(508,353)** | **953,260** |
| Shares issued | 42,805 | 1,782,636 | – | 1,825,441 |
| Net loss for period | | | (569,570) | (569,570) |
| **At 31 March 2008** | **159,465** | **3,127,589** | **(1,077,923)** | **2,209,131** |

## 18. Notes to the cash flow statement

| | 31 March 2008 £ | Period from 10 March 2006 to 31 March 2007 £ |
|---|---|---|
| Cash flow from operating activities | **(603,745)** | (512,150) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **30,432** | 20,058 |
| Net foreign exchange (gain)/losses | **(222)** | (30,061) |
| Operating cash flows before movements in working capital | **(573,535)** | (522,153) |
| Increase in payables | **345,455** | 95,455 |
| Decrease/(increase) in receivables | **104,373** | (553,609) |
| Increase in inventories | **(547,793)** | (264,278) |
| Net cash (outflow)/inflow from operating activities | **(671,500)** | (1,244,585) |

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$250,000 payable on 30 September 2008 (deferred from 1 August 2008).

(b) 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 (the price per share which was being offered to other investors).

The total expenses recognised in the period arising from share-based payment transactions

# Notes to the financial statements(Cont)

## 20. Share based payments (cont)

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 agreed share warrants for some employees of the Group and consultants for which contracts have not been issued.

Warrants will be 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 agreed for which contracts are not issued are as follows:

| | Number of share warrants | Weighted average exercise price £ |
|---|---|---|
| As at 31 March 2008 and 31 March 2007 | 65,381,427 | 1,307,629 |

## 21. Events after the balance sheet date

1. ***Joint venture agreement***
   A joint venture agreement has been signed with an experienced company in order to introduce stratigic partners and to develop vegetable oil and oil seed tank terminal in Terneuzen, Netherlands.

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 parties

There were no transactions with related parties during the year (2007:none).

## 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

The only pension scheme in the Group is in Mozambique difined contribution pension plan. The contributions are charged against income. The Company does not have further liability in the pension scheme.

## 25.a. Investment – Company

| | Subsidiaries | Others | Total |
|---|---|---|---|
| | | | £ |
| At 1 April 2007 | 352,091 | 104,988 | 457,079 |
| Investment in subsidiaries | 795,739 | – | 795,739 |
| Investment - others | – | 412,144 | 412,144 |
| 31 March 2008 | **1,147,830** | **517,132** | **1,664,962** |

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. Subsidiaries - Company

| | Subsidiaries | Total |
|---|---|---|
| | | £ |
| At 1 April 2007 | 352,091 | 352,091 |
| Purchase of shares | 139,016 | 139,016 |
| Loans | 656,723 | 656,723 |
| 31 March 2008 | 1,147,830 | 1,147,830 |

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** | **Proporation of voting power held** |
|---|---|---|---|---|
| | | | **Company** | **Group** |
| | | | **%** | **%** |
| ESV-Ukraine | Dormant | UK | 100% | 100% |
| ESV Bio-Fuels | Dormant | UK | 100% | 100% |
| ESV Bio-Africa Limitada | Bio-fuels | Mozambique | 100% | 100% |
| Terneuzen Tank Terminal BV | Logistics | Belgium | 100% | 100% |
| ESV The Netherlands BV | Logistics | Belgium | 100% | 100% |

Terneuzen Tank Terminal BV is a subsidiary of ESV The Netherlands BV which is 100% owned by ESV Group plc.

# Notes to the financial statements(Cont)

## 26. Trade and other receivables – Company

| | Year ended 31 March 2008 £ | Period from 10March2006to 31 March 2007 £ |
|---|---|---|
| Trade debtors | **35,141** | 16,881 |
| Other debtors | **443,007** | 536,728 |
| | **478,148** | 553,609 |

## 27. Trade and other payables - Company

| | 31 March 2008 £ | Period from 10March2006to 31 March 2007 £ |
|---|---|---|
| Trade creditors | **137,520** | 41,363 |
| Other creditors | **208,000** | – |
| Accruals | **28,945** | 37,500 |
| | **374,465** | 78,863 |

Other creditors represent share application funds recieved for which shares were issued after 31 March 2008.

## 28. Notes to the cash flow statement - Company

| | 31 March 2008 £ | Period from 10March2006to 31 March 2007 £ |
|---|---|---|
| Operating loss from continuing operations | **(571,694)** | (512,150) |
| Depreciation of property, plant and equipment | **4,035** | 2,910 |
| Operating cash flows before movements in working capital | **(567,659)** | (509,240) |
| Decrease/(increase) in receivables | **75,460** | (553,609) |
| Increase in payables | **295,602** | 78,863 |
| Net cash (outflow)/inflow from operating activities | **(196,597)** | (983,986) |

# Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 4.00pm on 30 October 2008 at 19-20 Grosvenor Street, London W1K 4QH for the purpose of considering and if thought fit, passing the following resolutions, of which Resolutions 1 to 4 will be proposed as Ordinary Resolutions and Resolution Number 5 will be proposed as a Special Resolution.:

1. To receive the Company's annual accounts for the financial year ended 31 March 2008 together with the directors' report and auditors' report on these accounts.

2. To re-appoint Henderson & Co as Auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the Directors to agree their remuneration.

3. To increase the authorised share capital of the Company from £184,000 to £276,000 by the creation of 400,000,000 Ordinary shares of £0.00023 each such new Ordinary Shares to rank pari passu with the existing Ordinary Shares of £0.00023 each in the capital of the Company.

4. THAT conditional on the passing of Resolution 3 and for the purposes of section 80 of the Companies Act 1985 as amended (the "Act") (and so that the expressions used in this resolution shall bear the same meanings as in the said section 80) the Directors of the Company be and are generally and unconditionally authorised to allot relevant securities (within the meaning of section 80 (2) of the Act):

   4.1 up to an aggregate nominal amount of £111,751.66 representing 100 per cent. of the authorised but as yet unissued share capital of the Company at the date hereof, provided that the authorities, unless duly revoked, varied or revoked prior to their expiry date, shall expire fifteen months from the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, but such authority shall allow the Company to make an offer or agreement which would or might require relevant securities to be allotted after the authority expires and, in that event, the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired and such authorities shall be in substitution for any authorities conferred upon the Directors in accordance with the said section prior to the passing of this resolution, which authorities (to the extent they remain in force and unexercised) are hereby revoked.

5. THAT subject to the passing of the previous resolution, the Directors of the Company be hereby empowered pursuant to section 95 of the Act (within the meaning of section 94(2) of the Act) wholly for cash to allot or make offers or agreements to allot equity securities pursuant to the authority conferred by the previous resolution as if section 89 (1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   5.1 the allotment of equity securities in connection with any invitation made to the holders of ordinary shares to subscribe by way of rights in the same proportions (as nearly as maybe) to their respective holdings but subject to such exclusions or other arrangements as the Directors consider necessary or expedient in connection with ordinary shares representing fractional entitlement or on account of either legal or practical problems arising in connection with the laws of any territory or of the requirements of any applicable regulatory body or stock exchange in any territory;

5.2 the allotment (otherwise than pursuant to sub-paragraph 5.1 above) of equity securities pursuant to warrants granted by the Company prior to the date hereof;

5.3 the allotment (otherwise than pursuant to sub-paragraphs 5.1 and 5.2 above) of equity securities up to an aggregate nominal amount of £111,751.66 representing 100 per cent. of the authorised but as yet unissued share capital of the Company at the date hereof:

provided that the authorities, unless duly revoked, varied or revoked prior to their expiry date, shall expire fifteen months from the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, but such authority shall allow the Company to make an offer or agreement which would or might require relevant securities to be allotted after the authority expires and, in that event, the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired and such authorities shall be in substitution for any authorities conferred upon the Directors in accordance with the said section prior to the passing of this resolution , which authorities (to the extent they remain in force and unexercised) are herby revoked.

Registered office
19/20 Grosvenor Street
London W1K 4QH

By order of the Board

M. A. Alikhani

29 August 2008

**Notes to the Notice of Annual General Meeting**

**Entitlement to attend and vote**

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
   - 6 p.m. on 28 October 2008; or,
   - if this Meeting is adjourned, at 6 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

**Appointment of proxies**

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please contact the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR.

**Appointment of proxy using hard copy proxy form**

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   - completed and signed;
   - sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR; and
   - received by Neville Registrars no later than 4.00 pm on 28 October 2008.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

**Appointment of proxy by joint members**

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

**Changing proxy instructions**

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.

   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

**Termination of proxy appointments**

8. In order to revoke a proxy instruction you will need to inform the Company using the following method:

   By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR

   - In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   In either case, the revocation notice must be received by Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3BR no later than 4.00pm on 28 October 2008.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

   Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

**Issued shares and total voting rights**

9. As at 12 noon on 29 August 2008, the Company's issued share capital comprised 714,123,189 ordinary shares of £0.00023 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on 29 August 2008 is 714,123,189.