ESV Group Plc

Report and financial statements
31 March 2009

Contents

Directors and advisers	2
Chairman's statement	3
Directors' report	4
Statement of directors' responsibilities	8
Independent auditors' report to the members of ESV Group Plc	9
Consolidated income statement	11
Consolidated statement of recognised income and expenses	12
Consolidated balance sheet	13
Consolidated cash flow statement	14
Company income statement	15
Company balance sheet	16
Company cash flow statement	17
Notes to the financial statements	18
Notice of Annual General Meeting	40

Directors and Advisers

Directors	M Alikhani R Maas S Alikhani I Mikhaylova D Zhminko	Executive Director Executive Director Executive Director Executive Director Executive Director
Secretary and Registered Office	K R Sodha FCA 3rd Floor 19/20 Grosvenor Street London W1K 4QH	
Bankers	HSBC Bank plc 129 Bond Street London W1A 2JA	
Auditors	Whitefield & Co Wolsey Road Moor Road Middlesex HA6 2HL	
PLUS Market Corporate advisor	Keith Bayley Rogers & Co. Ltd (part of the Walker Crips Group plc) Finsbury Tower 103 –105 Bunhill Row London EC1Y 8LZ	
Solicitors	Fladgate LLP 25 North Row London W1K 6DJ	
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA	
Company number	5738279	

Chairman's statement

Following the Jatropha Plantations Update we issued in February 2009, the Group is now at an advanced stage for the sale of its Mozambique jatropha growing operations. We expect to announce further details shortly.

Following the sale of the Mozambique operations, we will have the financial resources, combined with the market knowledge and experience, to develop the many new opportunities we see to produce biofuels from seed oils.

Grain trading

In the recent economic environment, grain trading has carried significantly increased risk in volatile market conditions. We see no sign of this changing in the near future. In order to save administrative costs we have therefore ceased operations at our subsidiary ESV Trading Belgium, and given the circumstances, we have not activated the purchase agreement with Agri-Ukraine Ltd.

Tank terminal development

In Terneuzen, the Netherlands the permitting process is continuing within the timescale we envisaged. Our negotiations with strategic partners are ongoing and we expect to agree and implement the financial and development plans outlined.

Ukraine agri-logistics

The grain terminal managed by ESV in Kherson Sea Port, Ukraine, is operating very satisfactorily. During the period under review, it handled a wide variety of agricultural products including cereals (corn, wheat and barley), soybeans and sunflower seed meal. Some 53.5 million tonnes of grain was harvested from the Ukraine's fertile soils in 2008 and Kherson is ideally situated to handle exports to Mediterranean countries and the Middle East.

Due to our management and marketing efforts we received a significantly higher management fee compared with the contracted amount. We are in discussion with strategic partners to further equip and expand the grain handling and storage facilities at Kherson. The volume of product handled has increased sharply and we expect this trend to continue.

World food shortages are forecast as a result of increasing population and demands for better dietary standards in emerging economies. Our operations are well-positioned to serve the traditional grain and seed markets and to take advantage of the world trends towards using biofuels to supplement oil products and reduce vehicle emissions.

We are currently undertaking strategic review of our operations and have put in place a plan which we believe will return the Group to profit and allow it to grow each of its activities significantly.

However in the current economic environment we also continue to monitor Group costs and commitments carefully to operate our business within the financial resources available.

Results for the year

The Group loss for the year amounts to GBP 319,285 compared with GBP 614,750 for the prior year.

The turnover includes the fee of GBP 548,732 for the management of the grain terminal in Kherson Sea Port, over treble the GBP 156,316 billed in the prior year.

Following a management review of the balance sheet values for the Mozambique property, the amounts attributed to revaluation reserves and deferred tax have been reduced accordingly.

The administrative expenses include the expenses of management of the Group businesses and one-off costs upon cessation of ESV Trading Belgium.

M A Alikhani
Chairman

28 August 2009

Directors' report

The Directors present their report and the audited financial statements of the Company for the year to 31 March 2009.

Principal activities

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 year and expected future developments are described in the Chairman's Statement on page 3.

Risks

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 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. In due course the Company will enter 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 additional risks which are detailed in Note 16.

Results and dividends

The results to 31March 2009 reflect the development costs of the Jatropha plantation 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 2009.

Key performance indicators for the Group are as follows

	Year ended 31 March 2009	Year ended 31 March 2008
Inventory	2,016,960	812,072
Cash and cash equivalents	(18,838)	551,287
Net assets	2,033,557	2,874,781
Loss for the year	(319,285)	(614,750)
Loss per share	0.04p	0.11p

Directors and their 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 2009	% of holding of issued share capital
I Mikhaylova	(appointed 20 Jan 2009)	38,389,000	5.38
D Zhminko	(appointed 20 Jan 2009)	–	–
M Alikhani		34,744,836	4.87
R Maas *		33,502,608	4.69
S Alikhani		18,212,265	2.55
J Stevens **	(ceased 20 Jan 2009)	5,115,000	0.72

* 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 were held by Capet Limited. J. Stevens was 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 23 to the accounts.

Issues of shares and warrants

During the year 20,800,000 ordinary shares were issued to provide further working capital of £208,000. A new warrant scheme will be proposed following the recent changes in the Group.

Substantial shareholdings

The Company is aware that as at 27 August 2009 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 27 August 2009	% of holding
Vidacos Nominee Limited DMG 7	88,000,000	12.32
Vidacos Nominee Limited Des KBC1	55,987,188	7.84
Irina Mikhaylova	38,389,000	5.38
Masoud Alikhani Esq	34,744,836	4.87
Agro-Maas (UK) Ltd	34,610,964	4.85
Gleb Tsentner Esq	33,204,029	4.65
Securities Services 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 40 to 47. The following explanatory notes relate to Resolutions numbered 5 to 7 which will constitute special Business.

(1) Resolution 5 - 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 5 is proposed as an Ordinary resolution to provide the Directors with authority to issue ordinary shares (see the detailed resolution and notes on pages 40, 41 and 44 of this document).

(2) Resolution 6 - is to authorise the Directors to allot relevant securities up to a nominal value of £24,600. 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 (see the detailed resolution on page 41 of this document).

(3) Resolution 7 - adoption of new Articles of Association (see notes on pages 44 to 47). The New Articles showing all the changes to the Current Articles are available for inspection at the registered office, 3rd Floor, 19-20 Grosvenor Street, London W1K 4QH.

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 2009 were equivalent to 228 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 16 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 employment 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 22.

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
Whitefield & Co have expressed their willingness to continue in office as auditors. A resolution proposing the appointment of Whitefield & 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. Alikhani

28 August 2009

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;
- 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 2009 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 33. 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, IFRSs and Article 4 of the IAS Regulation.

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 2009 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 Article 4 of the EU IAS Regulation; 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 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.

Whitefield & Co
Registered Auditors
Wolsey Road
Middlesex
HA6 2HL

30 September 2009

Consolidated income statement
Year ended 31 March 2009

	Note	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Revenue	4	**632,967**	810,583
Cost of sales		**–**	(603,402)
Gross profit		**632,967**	207,181
Cost of production - Jatropha		**1,029,747**	(501,353)
Growing stock – Jatropha plant		**(1,029,747)**	501,353
Administrative expenses		**(952,846)**	(810,926)
Operating loss	5	**(319,879)**	(603,745)
Finance income – interest	4b	**772**	2,806
Finance costs	7	**(178)**	(13,811)
Loss before taxation		**(319,285)**	(614,750)
Taxation	8	**–**	–
Loss for the year		**(319,285)**	(614,750)
Loss per share			
Basic and diluted	10	**(0.04)p**	(0.11)p

All amounts relate to continuing activities.
The notes on pages 18 to 39 form part of these financial statements.

The Board is not recommending the payment of a dividend in respect of the year ended 31 March 2009.

Consolidated statement of recognised income and expenses

For the year ended 31 March 2009

	Notes	**Year ended 31 March 2009** £	Year ended to 31 March 2008 £
Exchange differences on translation of foreign operations		**9,465**	(21,185)
Loss for the year	18	**(319,285)**	(614,750)
Total income and expense recognised		**(309,820)**	(635,935)

The notes on pages 18 to 39 form part of these financial statements.

Consolidated balance sheet
As at 31 March 2009

	Note	**31 March 2009 £**	31 March 2008 £
Non-current assets			
Property, plant and equipment	11	**278,126**	1,300,734
Investments	29	**269,362**	517,132
		547,488	1,817,866
Current assets			
Inventory	12	**2,016,960**	812,072
Trade and other receivables	13	**427,092**	449,236
Cash and cash equivalents	14	**8,851**	551,287
		2,452,903	1,812,595
Total assets		**3,000,391**	3,630,461
Current liabilities			
Trade and other payables	15	**(939,145)**	(440,911)
Bank overdraft		**(27,689)**	–
		(966,834)	(440,911)
Net current assets		**1,486,069**	1,371,684
Non-current liabilities			
Deferred tax	9	**–**	(314,769)
		–	(314,769)
Total liabilities		**(966,834)**	(755,680)
Net assets		**2,033,557**	2,874,781
Equity			
Share capital	17	**164,249**	159,465
Share premium	18	**3,330,805**	3,127,589
Revaluation reserve	18	**–**	739,404
Translation reserve	18	**(19,109)**	(28,574)
Accumulated loss	18	**(1,442,388)**	(1,123,103)
Total equity		**2,033,557**	2,874,781

The notes on pages 18 to 39 form part of these financial statements.

These financial statements were approved by the Board of Directors on 28 August 2009

Signed on behalf of Board of Directors by

S Alikhani

Director

Consolidated cash flow
For the year ended 31 March 2009

	Note	**Year ended 31 March 2009 £**	Year ended to 31 March 2008 £
Net cash outflow from operating activities	19	**(956,658)**	(671,500)
Investing activities			
Interest received	4(b)	**772**	2,806
Interest paid	7	**(178)**	(13,811)
Acquisition of property, plant and equipment	11	**(8,680)**	(188,916)
Investments transferred to subsidiaries	29	**247,770**	(412,144)
Net cash used in investing activities		**239,684**	(612,065)
Financing activities			
Proceeds on issue of shares (net of share issue costs)	17	**208,000**	1,825,441
Net cash from financing activities		**208,000**	1,825,441
Net (decrease)/increase in cash and cash equivalents		**(508,974)**	541,876
Cash and cash equivalents at beginning of the year		**551,287**	4,169
Effect of foreign exchange rate changes		**(61,151)**	5,242
Cash and cash equivalents at end of the year		**(18,838)**	551,287

The notes on pages 18 to 39 form part of these financial statements.

Company income statement
For the year ended 31 March 2009

	Notes	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Revenue	27	**548,732**	156,316
Administrative expenses		**(644,993)**	(728,010)
Operating loss	26	**(96,261)**	(571,694)
Finance income	27	**707**	2,124
Loss before taxation		**(95,554)**	(569,570)
Taxation		**–**	-
Loss for the year	32	**(95,554)**	(569,570)
Loss per share			
Basic and diluted		**(0.01)p**	(0.10)p

The above results relate to continuing operations.

The notes on pages 18 to 39 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 2009

		31 March 2009	31 March 2008
Non-current assets		**£**	£
Property, plant and equipment	11	**9,196**	13,231
Investment - subsidiary	29	**1,872,282**	1,147,830
- others	29	**269,362**	517,132
		2,150,840	1,678,193
Current assets			
Trade and other receivables	30	**427,092**	478,149
Cash and cash equivalents		**699**	427,254
		427,791	905,403
Total assets		**2,578,631**	2,583,596
Current liabilities			
Trade and other payables	31	**(257,054)**	(374,465)
		(257,054)	(374,465)
Net current assets		**170,737**	530,938
Net assets		**2,321,577**	2,209,131
Equity			
Share capital	32	**164,249**	159,465
Share premium	32	**3,330,805**	3,127,589
Accumulated loss	32	**(1,173,477)**	(1,077,923)
Total equity		**2,321,577**	2,209,131

The notes on pages 18 to 39 form part of these financial statements.

These financial statements were approved by the Board of Directors on 28 August 2009.

Signed on behalf of Board of Directors by

S Alikhani
Director

Company cash flow statement
For the year ended 31 March 2009

	Notes	Year ended 31 March 2009 £	year ended to 31 March 2008 £
Net cash outflow from operating activities	33	**(158,580)**	(196,597)
Investing activities			
Interest received	27	**707**	2,124
Investment in subsidiaries	29	**(476,682)**	(1,207,883)
Net cash used in investing activities		**(475,975)**	(1,205,759)
Financing activities			
Proceeds on issue of shares (net of share issue costs)	17	**208,000**	1,825,441
Net cash from financing activities		**208,000**	1,825,441
Net (decrease)/increase in cash and cash equivalents		**(426,555)**	423,085
Cash and cash equivalents at beginning of the year		**427,254**	4,169
Cash and cash equivalents at end of the year		**699**	427,254

The notes on pages 18 to 39 form part of these financial statements.

Notes to the financial statements

1. 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.

2. 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 3.

The Group has adopted IFRS 7 Financial Instruments Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendment to IAS 1 Presentation of Financial Statements. The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital (see note 16).

The following interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are:

IFRIC 7	Applying the restatement approach under IAS 29, Financial Reporting in Hyperinflationary economies:
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	IFRS 2 Group and Treasury Share Transactions
IFRIC 12	Service concessions
IFRIC 13	Customer Loyalty programmes
IFRIC 14	IAS19 The limit on a Defined Benefit Asset, minimum Funding Requirements and their interaction
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a foreign operation
IFRIC 17	Distribution of Non-cash assets to owners.
IFRS 8	Operating Segments

The Directors have assessed that the adoption of the above standards and interpretations does not have a material impact on the financial statements of the Group.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective and in some cases have not yet been adopted by the EU.

Amendment to IFRS 1 First time adoption of International Financial Reporting Standards.

Amendments to IAS 27 Consolidated and Separate Financial Statements

Amendment to IFRS 2 Share-based payment – Vesting Conditions and Cancellations

Amendment to IAS 32	Financial Instruments: Presentation and IAS1: Presentation of Financial Statements puttable Financial Instruments and Obligations Arising on Liquidation
Revision to IAS 23	Borrowing costs
Revision to IFRS 3	Business combinations
Revision to IAS 1	Presentation of Financial Statements
Amendment to IAS 39	Financial Instruments Recognition and measurement

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.

The comparative figures cover the year ended 31 March 2008

The MZN/£ exchange rates for the year are as follows:

	2009	2008
Year end rate	**37.75**	48.02
Average rate for the year	**41.49**	50.63

3. Significant accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with the Companies Act 1985 and International Financial Reporting Standards ("IFRS"). The financial statements have also been prepared in accordance with IFRS adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are carried at fair value or amortised cost and in accordance with International Financial Reporting Standards. The principal accounting policies adopted, which have been consistently applied, are set out below.

Basis of consolidation

The financial statements incorporate the results of the Company and entities controlled by the Company (its subsidiaries) up to 31 March each year. Control is achieved where the Company has the power to govern the investee entity's financial and operating policies 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 financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

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.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Notes to the financial statements (Cont'd)

3. Significant accounting policies (cont'd)

Basis of consolidation (cont'd)

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.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries and minority interests 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, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

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.

Where the Group makes further acquisitions in investments it already holds, the assets and liabilities of the investment are reassessed and their revised fair values are recognised. Goodwill is accordingly adjusted.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration given over the Group's interest in the fair value of identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition and is capitalised as an asset on the balance sheet. To the extent that such excess purchase consideration relates to the acquisition of mining properties and leases, that amount is capitalised within property, plant and equipment as mining properties and leases.

IFRS 3 requires that negative goodwill is recognised immediately in the income statement. The negative goodwill that arises on the acquisition of a subsidiary under IFRS 3 is credited in full to the income statement.

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, the currency of primary economic environment in which these companies operate (their functional currency). 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 items 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss account for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the re-translation of non-monetary items where gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial information, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. 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 arising if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Operating loss

Operating loss is stated before investment income and finance costs.

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 substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the

Notes to the financial statements (Cont'd)

3. Significant accounting policies (cont'd)

Tax (cont'd)

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 taxable profits will be available against which 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 held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, being the fair value at the date of acquisition, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

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.

Impairment of tangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible 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).

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.

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, but so that the increased carrying amount does not exceed the carrying amount that would have been determined 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. 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 less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions

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

Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees and consultants. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Share warrants granted are stated at par value.

Fair value is measured by use of a binomial option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

Rehabilitation assets

Rehabilitation assets are recorded at the estimated value of the long-term environmental obligation based on the Group's environmental management plan in compliance with regulatory and other requirements. Amortisation of rehabilitation assets are calculated on a unit of production basis using estimated economically recoverable proved and probable ore reserves.

Financial instruments

Initial recognition and measurement

All financial instruments are recognised on the balance sheet. Financial instruments are initially recognised when the Company becomes party to the contractual terms of the instruments and are measured at cost, which is the fair value of the consideration given for financial asset or received for financial liability or equity instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement on initial recognition. Transaction costs are included in the initial measurement of the financial instrument. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

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

De-recognition

Financial assets (or a portion thereof) are de-recognised when the Company realises the rights to the benefits specified in the contract, the rights expire or the Company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On de-recognition, the difference between the carrying amount of the financial asset and proceeds receivable is included in the income statement.

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.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and 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.

Financial liabilities

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

Bank borrowing

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.

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 statements, apart from those involving estimations, which are dealt with below.

Key sources of estimation uncertainty.
Fair value of warrants issued

Warrants granted 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 are 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 are incorporated into the measurement of fair value.

Notes to the financial statements (Cont'd)

4(a). Revenue – group

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Farming and trading income	**632,967**	810,583

4(b). Investment income:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Interest on bank deposits	**772**	2,806

4(c). Segment information

Business segments

The Group comprises the following main business segments:

- Jatropha Farming in Mozambique
- Grain trading in Belgium
- Tank terminal development in Terneuzen
- Grain terminal management in Ukraine

Geographical segments

The Jatropha Farming and grain terminal are managed on a worldwide basis, but operate in Mozambique and the Ukraine respectively.

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
UK income from grain terminal management	**548,732**	156,316
Belgium – grain trading	**84,235**	654,267
	632,967	810,583

5. Operating loss – Group

Loss from operations has been arrived at after charging:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Depreciation of property, plant and equipment	**34,244**	26,397

Audit services

	£	£
Audit fees for		
– Company accounts	**5,000**	4,000
– Group accounts	**10,000**	10,169
– Subsidiaries	**5,064**	4,159
Total statutory audit fees	**20,064**	18,328

6. Staff costs – Group

	Year ended 31 March 2009 No.	Year Ended 31 March 2008 No.
The average monthly number of employees (excluding executive Directors) was	**678**	678
Number of Directors	**3**	4
	681	682

	Year ended 31 March 2009 £	Year Ended 31 March 2008 £
The Emoluments for qualifying services:		
Highest paid Director (note 25)	**55,000**	30,000
Staff costs including Directors:		
Wages and salaries –	**380,779**	326,488

The Directors are not in receipt of any non-cash benefits. 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. In Mozambique there is a defined contribution state pension scheme. The contributions are charged against income. The company does not have further liability in the pension scheme.

Total staff costs include amounts paid to Directors of £150,000 (2008: £145,000).

7. Finance costs – Group

	Year ended 31 March 2009 £	Year Ended 31 March 2008 £
Bank interest and charges	**178**	13,811

8. Current Tax – group

8.1 Tax charged in the income statement

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Current tax		
UK corporation	–	–
Foreign tax	–	–
Deferred taxation		
Deferred tax	–	–
Total tax	–	–

Notes to the financial statements (Cont'd)

8. Current Tax – group (cont'd)

8.2 Reconciliation of the total tax charge

UK Corporation tax rate is 28% (2008: 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:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Loss on ordinary activities before tax	**(319,285)**	(614,750)
Tax at the UK Corporation tax rate of 28% (2008: 30%)	**(89,400)**	(184,425)
Tax effect of amounts that are not deductible/taxable in determining taxable profit	**3,349**	10,663
Tax effect of tax losses not recognised	**86,051**	173,762
Total tax charge for the period	**–**	–

The Company is carrying forward estimated tax losses of £1,117,286 (2008: £1,033,693) 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.

9. Deferred Tax

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

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
At 1 April	**314,769**	302,305
Deferred tax provision no longer required (Notes 11 & 18)	**(377,682)**	–
Exchange adjustment	**62,913**	12,464
At 31 March	**–**	314,769

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

10. 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 current and prior year.

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

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Net loss attributable to equity holders of the parent	**(319,285)**	(614,750)

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	**713,667,299**	540,081,965
Basic loss per share	**(0.04)p**	(0.11)p

Notes to the financial statements (Cont'd)

11. Property, plant and equipment (Group)

	Water conservation works & building improvements	Farming land	Vehicles & tractors	Tools & utensils	UK - Office Equipment	Total
	£	£	£	£	£	£
Cost or valuation						
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
Additions	–	–	3,253	5,427	–	8,680
Revaluation reversal (note 18)	–	(1,172,928)	–	–	–	(1,172,928)
Disposals	–	–	(15,966)	–	–	(15,966)
Exchange adjustment	23,922	159,409	8,394	233	–	191,958
At 31 March 2009	**261,680**	**–**	**72,918**	**10,623**	**20,176**	**365,397**
Accumulated depreciation						
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
Disposals	–	–	(3,193)	–	–	(3,193)
Charge for the period	13,758	–	15,334	1,117	4.035	34,244
Exchange adjustment	1,500	–	1,791	11	–	3,302
At 31 March 2009	**36,880**	**–**	**37,625**	**1,786**	**10,980**	**87,271**
Net book value						
At 31 March 2009	**224,800**	**–**	**35,293**	**8,837**	**9,196**	**278,126**
At March 2008	216,136	1,013,519	53,543	4,305	13,231	1,300,734

12. Inventory (Group)

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Jatropha trees	**2,016,960**	812,072

Inventories are carried at the lower of cost and net realisable value, which is calculated at fair value less costs to sell. ESV Bio Africa, the 100% subsidiary of the Group, has planted Jatropha trees over 5,000 hectares in Mozambique. The trees are expected to commence seed yield during 2010, which the Group would either sell on the open market or crush and sell the resultant oil and its by-products. All the direct expenditure on the farm, including farm labour and farm management, has been capitalised as inventory.

13. Trade and other receivables (Group)

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Trade receivables	**1,205**	35,141
Other receivables	**425,887**	414,095
	427,092	449,236

The directors consider that the carrying amount of trade and other receivables approximates their fair value. All amounts are receivable within one year.

14. 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.

15. Trade and other payables (Group)

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Trade payables	**188,272**	137,520
Other payables	**750,873**	303,391
	939,145	440,911

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. All amounts are payable within one year.

16. Financial instruments and risk management (Group)

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 counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders, The capital structure of the Group consists of cash and cash equivalents; financial assets carried at fair value and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 18.

Gearing ratio

The Board periodically reviews the capital structure of the Group. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

Notes to the financial statements (Cont'd)

16. Financial instruments and risk management (cont'd)

Categories of Financial Instruments

	Carrying value	
	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Financial assets		
Fair value through profit and loss (FVTPL) Held for trading	**269,362**	517,132
Loans and receivables (including cash and cash equivalents)	**435,943**	1,000,523
Financial liabilities		
Short-term borrowings and payables	**966,834**	440,911

Financial risk management

The Board of Directors monitors the financial risks relating to the operations of the Group. These risks include market risk (primarily currency and interest rate risk), and liquidity risk.

Foreign currency risk management

The Group is exposed to foreign exchange risk associated with fluctuations in the relative value of the Mozambique Metical. These risks are mitigated to the extent considered necessary by the Board of Directors. The most significant risk occurs on the translation of foreign operations 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.

Interest rate risk management

The Group is exposed to interest rate risk through the cash and cash equivalents and short term financial assets. The Group does not have any interest bearing liabilities.

Liquidity risk management

Ultimate responsibility for the liquidity risk management rests with the Board of Directors. The Board of Directors monitors the level of liquid assets available to the Company and the level of funding required to meet its short-medium and long–term requirements.

Liquidity risk

Liquidity risk is considered to be minimal.

Market price risks

The Group is exposed to market price risk through the changes in market price 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.

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.

17. Share capital

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Authorised		
1,200 million ordinary of £0.00023 each (2008: 800 million ordinary shares of £0.00023 each)	**276,000**	184,000
Issued and fully paid at 1 April 2008		
714,123,189 ordinary shares of £0.00023 each (2008: 693,323,189 ordinary shares of £0.00023 each	**159,465**	116,660
Issued during the year		
20.8 million ordinary shares of £0.00023 each (2008: 186,107,400 ordinary shares of £0.00023 each)	**4,784**	42,805
Issued and fully paid at 31 March 2009	**164,249**	159,465

By ordinary resolution passed on 30 October 2008, the authorised share capital was increased from £184,000 to £276,000 by the creation of 400,000,000 Ordinary shares of £0.00023 each. The new Ordinary shares rank pari passu with the existing Ordinary shares of £0.00023 each.

Movements in the Year

On 9 April 2008, the Company issued and allotted 20,800,000 ordinary shares of 0.023 pence at 1 pence per share.

	Number of shares No	Nominal value £	Consideration £
At 1April	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
9 April 2008	20,800,000	4,784	208,000
At 31 March 2009	**714,123,189**	**164,249**	**3,495,054**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. STATEMENT OF CHARGES IN EQUITY (GROUP)

	Share capital	Share premium	Revaluation reserve	Translation reserve	Accumulated loss	Minority interest	Total
	£	£		£	£	£	£
At 1 April 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 1 April 2008	**159,465**	**3,127,589**	**739,404**	**(28,574)**	**(1,123,103)**	**–**	**2,874,781**
Net loss for the year	–	–	–	–	(319,285)	–	(319,285)
Shares issued	4,784	203,216	–	–	–	–	208,000
Exchange differences on translation of overseas operations	–	–	–	9,465	–	–	9,465
Reversal of revaluation reserve	–	–	(739,404)	–	–	–	(739,404)
At 31 March 2009	**164,249**	**3,330,805**	–	**(19,109)**	**(1,442,388)**	–	**2,033,557**

Following a management review of the Mozambique property, the amounts attributed to revaluation reserve, deferred tax and farming land revaluation have been reversed (see Notes 9 and 11).

19. NOTES TO THE CASH FLOW STATEMENT (GROUP)

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Cash flow from operating activities	**(319,879)**	(603,745)
Adjustments for:		
Depreciation of property, plant and equipment	**34,244**	30,432
Net foreign exchange (gain)/losses	**714**	(222)
Loss on disposal of plant and machinery	**12,773**	–
Operating cash flows before movements in working capital	**(272,148)**	(573,535)
Increase in payables	**498,234**	345,455
Decrease in receivables	**22,144**	104,373
Increase in inventories	**(1,204,888)**	(547,793)
Net cash outflow from operating activities	**(956,658)**	(671,500)

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.

20. Commitments and Contingent liabilities

Commitments

The Company has the commitment to pay US$500,000 to complete the purchase of the land owning company, Inveragro in Mozambique.

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.

21. Share based payments

Equity-settled share warrant scheme

There were no share-based payments for the year ended 31 March 2009. For the year ended 31 March 2008 the share-based payment arrangements made with creditors for the period amounted to £139,584.48 being 6,979,224 shares of nominal value £0.00023 of shares. The nature of the arrangement was 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 1 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 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

A new warrant scheme will be proposed following the recent changes in the Group.

22. Events after the balance sheet date

As stated in the Chairman's Statement on page 3, the Group is at as advanced stage for the sale of its Mozambique Jatropha growing operations.

23. Related parties

There were no transactions with related parties during the year (2008:none).

24. Pensions

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

Notes to the financial statements (Cont'd)

25. Staff costs – Company

	Year ended 31 March 2009 No.	Year Ended 31 March 2008 No.
The average monthly number of employees (excluding executive Directors) was	**4**	4
Number of Directors	**5**	4
	9	8

	Year ended 31 March 2009 £	Year Ended 31 March 2008 £
The Emoluments for qualifying services:		
Highest paid Director	**55,000**	30,000
Staff costs including Directors:		
Wages and salaries –	**312,130**	316,880

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 .

26. Operating loss – Company

Loss from operations has been arrived at after charging:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Depreciation of property, plant and equipment	**4,035**	4,035

Audit services

Auditors' remuneration for the Company and the Group is disclosed in Note 5.

27. Revenue (Company)

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Trading Income	**548,732**	156,316
Interest on Bank deposits	**707**	2,124

28. Financial instruments and risk management (Company)

Capital risk management

The Company manages its capital to ensure that the entities in the Company will be able to continue as going concerns while maximising returns to stakeholders. The capital structure of the Company consists of cash and cash equivalents; financial assets carried at fair value and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 32.

The Company is equity financed.

Categories of Financial Instruments

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Financial assets		
Fair value through profit and loss (FVTPL) held for trading	**2,141,644**	1,664,962
Loans and receivables (including cash and cash equivalents)	**427,791**	905,403
Financial liabilities		
Short-term borrowings and payables at amortised cost	**257,054**	374,465

Financial Risk Management Objectives

The Board of Directors monitor the financial risks relating to the operations of the Company. These risks include market risk(primarily currency and interest rate risk), credit risk and liquidity risk.

Foreign Currency Sensitivity Analysis

The foreign currency exposure and sensitivity is materially the same for the Group and Company. Refer to Note 16 for details in respect of foreign currency sensitivity.

Interest Rate Sensitivity

The Company does not have any interest bearing liabilities.

Liquidity Risk Management

Ultimate responsibility for the liquidity risk management rests with the Board of Directors. The Board monitors the level of liquid assets available to the Company and the level of funding required to meet its short –medium and long- term requirements.

Credit Risk

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

Notes to the financial statements (Cont'd)

29. Investment – Company

	Subsidiaries	Others	Total
			£
At 1 April 2008	1,147,830	517,132	1,664,962
Investment in subsidiaries	476,682	–	476,682
Transfer of investments to subsidiaries	247,770	(247,770)	–
31 March 2009	**1,872,282**	**269,362**	**2,141,644**

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.

Details of the Company's principal subsidiaries, all of which have been included in these consolidated financial statements at 31 March 2009 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	The Netherlands	100%	100%
ESV The Netherlands BV	Logistics	The Netherlands	100%	100%
ESV Trading Belgium NV	Trading	Belgium	100%	100%

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

30. Trade and other receivables – Company

	Year ended 31 March 2009	Year ended 31 March 2008
	£	£
Trade debtors	**1,205**	35,141
Other debtors	**425,887**	443,008
	427,092	478,149

31. Trade and other payables - Company

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Trade creditors	**184,824**	137,520
Other creditors		208,000
Accruals	**72,230**	28,945
	257,054	374,465

Other creditors represent share application funds recieved for which shares were issued after 31 March 2009.

32 Statement of changes in equity – Company

	Share capital	Share premium	Accumulated loss	Total
	£	£	£	£
1 April 2007	116,660	1,344,953	(508,353)	953,260
Shares issued	42,805	1,782,636	–	1,825,441
Net loss for the year	–	–	(569,570)	(569,570)
At 31 March 2008	**159,465**	**3,127,589**	**(1,077,923)**	**2,209,131**
Shares issued	4,784	203,216	–	208,000
Net loss for the year	–	–	(95,554)	(95,554)
At 31 March 2009	**164,249**	**3,330,805**	**(1,173,477)**	**2,321,577**

33. Notes to the cash flow statement - Company

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Operating loss from continuing operations	**(96,261)**	(571,694)
Depreciation of property, plant and equipment	**4,035**	4,035
Operating cash flows before movements in working capital	**(92,226)**	(567,659)
Decrease/(increase) in receivables	**51,057**	75,460
Increase in payables	**(117,411)**	295,602
Net cash (outflow)/inflow from operating activities	**(158,580)**	(196,597)

Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at 3.00 pm on 30 October 2009 at The London Marriott Hotel, Grosvenor Square, London W1K 6JP (entrance in Duke Street) for the following purpose:

Ordinary Business

To consider and if thought fit, to pass the following resolutions each of which will be proposed as an Ordinary Resolution:

1. To receive the Company's annual accounts for the financial year ended 31 March 2009 together with the directors' report and auditors' report on those accounts.
2. To re-appoint Whitefield & 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 re-appoint Irina Mikhaylova as a director of the Company who has been appointed as a director since the last annual general meeting of the Company.
4. To re-appoint Dmytro Zhminko as a director of the Company who has been appointed as a director since the last annual general meeting of the Company.

Special Business

To consider and, if thought fit, pass Resolution 5, which will be proposed as an Ordinary Resolution, and Resolutions 6 and 7 which will be proposed as Special Resolutions:

5. That, in accordance with section 551 of the Companies Act 2006 (the "2006 Act") the Directors of the Company be and are generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this resolution):

   5.1 comprising equity securities (as defined by section 560 of the 2006 Act) up to an aggregate nominal value of £109,400 (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 5.2 below) in connection with an offer by way of a rights issue:

   (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

   (b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusion or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

   5.2 in any other case, up to an aggregate nominal value of £54,700 (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 5.1 above in excess of £54,700), provided that these authorities, unless duly renewed, varied or revoked by the Company, expire on the date being fifteen months from the date of 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, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted after such expiry and, the Directors may allot Relevant Securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot relevant securities under section 80 of the Companies Act 1985 but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

6. That, subject to the passing of Resolution 5, the Directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by Resolution 5 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

6.1 the allotment of equity securities in connection with an offer by way of a rights issue:

(a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

(b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusion or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, records dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

6.2 the allotment (otherwise than pursuant to paragraph 6.1 above) of equity securities up to an aggregate nominal amount of £24,600 representing approximately 15 per cent. of the Company's current issued share capital.

The power granted by this resolution will expire on the date being fifteen months from the date of 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 (unless renewed, varied or revoked by the Company prior to or on such date), save that the Company may, before such expiry, make offers or agreements 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 notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 89(1) of the Companies Act 1985 did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

7. That:

   7.1 the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

   7.2 the Articles of Association produced to the meeting and initialled by the chairperson of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

Registered office
19/20 Grosvenor Street
London W1K 4QH

By order of the Board
M A Alikhani
30 September 2009

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 2009; 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 refer to the notes on the Form of Proxy.

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 3DA; and
   - received by Neville Registrars no later than 3.00pm on 28 October 2009.
   - or sent by facsimile transmission to 0121 585 1132 no later than 48 hours before the General Meeting i.e. by 3.00 pm on 28 October 2009. If the appointment of proxy is notified by facsimile

transmission, the original appointment in the same form as received by facsimile transmission should be deposited at the place at which the facsimile transmission was received, or the Registered office of the Company, not less than 24 hours before the time appointed for the Meeting or adjourned meeting or the holding of a poll subsequently at which the vote is to be used

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 3DA

   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 3DA no later than 3.00pm on 28 October 2009.

   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 September 2009, 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 September is 714,123,189.

Documents on display

10. The following documents will be available for inspection at the registered office of the Company on any weekday (excluding public holidays) during normal office hours from the date of this Notice until the time of the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting:

- A copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed.

Notes to Resolution 5

In Resolution 5 "Relevant Securities" means:

- Shares in the Company other than shares allotted pursuant to:
  - an employee share scheme (as defined by section 1166 of the 2006 Act);
  - a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
  - a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.
- Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.

The notes on the following pages give an explanation of Resolution 7. Resolution 7 is proposed as a special resolution. This means that for the resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 7: Adoption of new articles of association

It is proposed in Resolution 7 to adopt new articles of association (the "**New Articles**") in order to update the Company's current articles of association (the "**Current Articles**") primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the "**Shareholders' Rights Regulations**") and the implementation of the last parts of the Companies Act 2006.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 or the Shareholders' Rights Regulations have not been noted below. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 6 of this document.

Principal Changes to the Company's Articles of Association

• The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 7 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

• **Articles which duplicate statutory provisions**

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006.

• **Form of resolution**

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required a special or extraordinary resolution is also effective. This provision is being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

• **Variation of class rights**

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been amended in the New Articles.

• **Convening general meetings and annual general meetings**

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular a general meeting to consider special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

• **Votes of members**

Under the Companies Act 2006 proxies are entitled to vote on a show of hands. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or, in the case of a poll taken more than 48 hours after a meeting, more than 24 hours before the time for taking of a poll, with weekends and bank holidays being excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed. The New Articles reflect these new provisions.

• **Electronic and web communications**

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within a period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

• **Directors' indemnities and loans to fund expenditure**

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company can now indemnify a director against liability incurred in connection with the activities of a company which acts as a trustee of an occupational pension scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The New Articles reflect these wider provisions in the Companies Act 2006.

• **Joint holders**

In order to make the flow of information more efficient between the Company and its shareholders who hold shares jointly, the New Articles are being amended so that where there are joint shareholders, anything agreed or specified with the Company by any one joint shareholder will have been deemed to have been agreed or specified with the Company by all the joint shareholders.

• Conflicts of interest

It is also proposed to include in the New Articles provisions covering changes introduced by the Companies Act 2006 on 1 October 2008 relating to directors' conflicts of interest.

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position. There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

• Authorised share capital and unissued shares

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

• Redeemable shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

• Provision for employees on cessation of business

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

• Use of seals

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

• Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

• Vacation of office by directors

The Current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

• Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles have been amended to reflect these changes.

• Voting by corporate representatives

The Shareholders' Rights Regulations have amended the Companies Act 2006 in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles remove provisions in the Current Articles dealing with voting by corporate representatives on the basis that they are dealt with in the Companies Act 2006.