



Biofutures

Biofutures International plc

Interim Results

Six months to 30 June 2007



## **CHAIRMAN'S STATEMENT**

I am pleased to present our interim results for the six months ended 30 June 2007.

We announced at the end of July that the effect of vegetable oil prices and specifically the increased price of crude palm oil, the intended feedstock for the biodiesel plant, has significantly impacted our business. Since October 2006, the price has increased from US\$430 per metric tonne to around US\$750 per tonne today. In June the price peaked at over US\$850 per tonne. The reasons for this high price include seasonal climate effects and some speculative activity in trading of the commodity. However, the fundamental macroeconomic driver of increased prices is rising global food demand. The increased use of corn to produce ethanol as a biofuel in the United States may also be having an effect on the availability of vegetable oil supplies. These factors have contributed to the difficulty faced by the Board in raising debt finance for the Group.

The high price of crude palm oil has necessitated a review, by the Board, of the viability of the Zurex project. Contracts with suppliers are currently on hold and negotiations are taking place with a view to re-engineering the project. Once this review is complete the Board will make the necessary recommendations and seek shareholders approval where required. The Board, in the meantime, has significantly reduced its cost base to help maintain shareholder value at the maximum level possible.

At the recent AGM, Nick Gee, Chris Price and Chris Dennison were not re-elected. The Board thanks them for their support and efforts over the period of their directorships. Dr Joe Wong and I became Executive Directors following the AGM. We also welcome to the Board Dr Patrick Howes as a non executive director with effect from 31 August 2007. The untimely death of non-executive director Phillip Carter occurred in May 2007. Phil, will be missed by all who knew and worked with him.

David Yeoh  
Executive Chairman  
27 September 2007



## UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS TO 30 JUNE 2007

	Notes	Six months to 30 June 2007	Period from 17 Feb 2006 to 30 Jun 2006	Period from 17 Feb 2006 to 31 Dec 2006
		£'000s	£'000s	£'000s
<b>Continuing operations</b>				
Revenue		-	-	-
Administrative expenses		(682)	(68)	(500)
<b>Operating loss</b>		<b>(682)</b>	<b>(68)</b>	<b>(500)</b>
Interest income		233	10	77
<b>Loss before income tax</b>		<b>(449)</b>	<b>(58)</b>	<b>(423)</b>
Income tax expense	3	-	-	-
<b>Loss for the period</b>		<b>(449)</b>	<b>(58)</b>	<b>(423)</b>
<b>Loss per share</b>				
- Basic	4	(0.30)p	(0.32)p	(1.27)p

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Six months to 30 June 2007	Period from 17 Feb 2006 to 30 Jun 2006	Period from 17 Feb 2006 to 31 Dec 2006
	£'000s	£'000s	£'000s
<b>Loss for the period</b>	(449)	(58)	(423)
Net exchange adjustments	(40)	-	(2)
<b>Total recognised income and expenses for the period</b>	<b>(489)</b>	<b>(58)</b>	<b>(425)</b>
Share-based compensation	196	-	1,089
Shares issued	-	2,965	28,771
<b>Transactions with equity holders</b>	<b>196</b>	<b>2,965</b>	<b>29,860</b>
Total movement in equity	(293)	2,907	29,435
Opening shareholders' funds	29,435	-	-
<b>Closing shareholders' funds</b>	<b>29,142</b>	<b>2,907</b>	<b>29,435</b>



## UNAUDITED CONSOLIDATED BALANCE SHEET

	As at 30 June 2007	As at 30 June 2006	As at 31 Dec 2006
	£'000s	£'000s	£'000s
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant and equipment	3,771	-	1,703
Goodwill	6,078	-	6,078
Intangible assets	10,850	-	10,850
	<u>20,699</u>	<u>-</u>	<u>18,631</u>
<i>Current assets</i>			
Trade and other receivables	59	116	2,545
Cash and cash equivalents	8,650	2,844	8,813
	<u>8,709</u>	<u>2,960</u>	<u>11,358</u>
<b>Total assets</b>	<b><u>29,408</u></b>	<b><u>2,960</u></b>	<b><u>29,989</u></b>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Share capital	1,477	369	1,477
Share premium account	11,293	2,596	11,293
Merger reserve	16,001		16,001
Translation reserve	(42)		(2)
Share based scheme reserve	1,285		1,089
Retained earnings	(872)	(58)	(423)
<b>Total equity</b>	<b><u>29,142</u></b>	<b><u>2,907</u></b>	<b><u>29,435</u></b>
<i>Current liabilities</i>			
Trade and other payables	266	53	554
Total liabilities	<u>266</u>	<u>53</u>	<u>554</u>
<b>Total equity and liabilities</b>	<b><u>29,408</u></b>	<b><u>2,960</u></b>	<b><u>29,989</u></b>





## UNAUDITED NOTES TO THE INTERIM STATEMENTS FOR THE SIX MONTHS TO 30 JUNE 2007

### 1 Basis of preparation

The financial information contained in these financial statements comprises the Group balance sheets as at 30 June 2007, 30 June 2006 and 31 December 2006, the Group statement of income, the Group statement of cashflows and the Group statement of changes in equity for the half year ended 30 June 2007 and for the periods ended 30 June 2006 and 31 December 2006.

The financial information set out on pages 2, 3 and 4 is unaudited and does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The comparative numbers for the period 17 February 2006 to 31 December 2006 have been extracted from the audited accounts which have been filed at Companies House and which carried an unqualified audit report with no statement under s237(2) or (3) of the Companies Act 1985.

In preparing the financial information, management has used the principal accounting policies as set out in the Group's annual financial statements for the year ended 31 December 2006 on pages 21 to 23. There have been no new International Financial Reporting Standards developments since 1 January 2007 that will impact on the 2007 Annual Report, and therefore this interim financial information has been prepared on a consistent basis with accounting policies that are expected to be applicable for the full reporting year in 2007.

#### Uncertainty of the viability of the Zurex project

The Company announced on 31 July 2007 that the high price of crude palm oil has necessitated a review of the viability of the Zurex project. Contracts with suppliers are currently on hold and negotiations are taking place with a view to re-engineering the project. The result of the review may require consideration of the carrying values of goodwill and other intangible assets. No adjustment has been made to the carrying values in the interim accounts to 30 June 2007.

### 2 Segmental Information

(a) Primary reporting format - business segment:

	Six months to 30 June 2007	Period from 17 Feb 2006 to 30 Jun 2006	Period from 17 Feb 2006 to 31 Dec 2006
	£'000s	£'000s	£'000s
<b>Loss before income tax</b>			
Operational	(108)	-	(9)
Head Office	(341)	(58)	(414)
<b>Loss before income tax</b>	<b>(449)</b>	<b>(58)</b>	<b>(423)</b>
<b>Loss for period</b>			
Operational	(108)	-	(9)
Head Office	(341)	(58)	(414)
<b>Loss for period</b>	<b>(449)</b>	<b>(58)</b>	<b>(423)</b>



### 3 Income tax expenses

There is no tax charge due to the losses arising in the period.

### 4 Loss per share

	Six months to June 30 2007	Period from 17 Feb 2006 to 30 Jun 2006	Period from 17 Feb 2006 to 31 Dec 2006
<b>Loss attributable to equity shareholders of the Company (£)</b>	(449,000)	(58,000)	(423,000)
Weighted average number of ordinary shares in issue	147,730,000	18,137,836	28,172,762
Basic earnings per share in pence	(0.30)p	(0.32)p	(1.27)p

The impact of options and warrants on the loss per share is anti-dilutive and therefore no diluted earnings per share figure has been included.

### 5 Cash generated from operations

	Six months to June 30 2007	Period from 17 Feb 2006 to 30 Jun 2006	Period from 17 Feb 2006 to 31 Dec 2006
	£'000s	£'000s	£'000s
<b>Loss for the period</b>			
Loss for the period	(449)	(58)	(423)
Adjustments for:			
Net interest	(233)	(10)	(77)
Share based payments	196	-	65
Increase in current assets	45	(115)	(104)
Increase current liabilities	(288)	53	(221)
<b>Cash (outflow) from operations</b>	<b>(729)</b>	<b>(130)</b>	<b>(760)</b>

### 6 Dividend

The directors do not recommend the payment of a dividend.