

For Immediate Release

24 June 2008

Biofutures International plc

Final audited results for the year ended 31 December 2007

Biofutures International plc, the AIM listed investing company which seeks to establish, invest in, or acquire assets, partnerships, joint ventures, businesses or companies in Europe, Asia and the Middle East in the energy and utility sectors and their related infrastructures announces final results for the year ended 31 December 2007.

Copies of this final results announcement are available from the Company's website (www.biofuturesplc.com). Copies of the Annual Report and Accounts will be sent to shareholders by 30 June 2008 for approval at the Annual General Meeting to be held on 30 July 2008.

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Chairman's statement

2007 has been a challenging year for the Group. We started the year actively engaged in, through our subsidiary Zurex Corporation Sdn.Bhd ("Zurex"), the design and construction of the 200,000 metric tonnes biodiesel plant at Lahad Datu, Sabah, Malaysia. During the early months of 2007, there was a major rise in the cost of crude palm oil, the intended feedstock for the biodiesel plant, which had a significant adverse impact on the potential profitability of our business. Since October 2006, the price of crude palm oil has increased from US\$430 per metric tonne to above US\$1000 per metric tonne today. In April 2008 the price of crude palm oil rose to over US\$1350 per metric tonne. The reasons for this high price include seasonal climate effects and some speculative activity in the trading of the commodity. However, the fundamental macroeconomic driver of increased prices is rising global food demand.

These factors, together with the prevailing market price for palm-based biodiesel which has fallen below our projected cost of production, have meant that it has not been possible to find debt financing on acceptable terms. Even if acceptable debt financing had been found, the biodiesel plant could not have commenced operations due to the negative margins of biodiesel relative to the price of crude palm oil.

We announced in September 2007 that contracts with suppliers had been put on hold and that negotiations were taking place with a view to re-engineering the proposed biodiesel plant.

In May 2008, we announced that we had terminated our contract to purchase 50 acres of land at Lahad Datu, Sabah, Malaysia and agreed, in its place, to purchase 14 acres of land at the same location. We also subsequently announced the findings of our review of the project and concluded that the biodiesel plant as originally conceived was currently not economically viable.

The global trend shows an increased demand for palm oil and with it a rise in prices. The margin between crude palm oil and refined palm oil has also increased significantly. Accordingly, we are considering the possibility of refining palm oil which also allows us to retain the flexibility to consider the production of palm oil biodiesel should economic circumstances permit in the future. The refining of palm oil requires similar technologies to those which would have been utilised in the pre-treatment stage of the palm oil biodiesel plant, and thus the pre-treatment plant can be redesigned to become a palm oil refinery. This route would also allow us to use some of the Lurgi plant equipment that had already been built and fabricated prior to us putting the Zurex project on hold.

Group Strategy

At the Extraordinary General Meeting (EGM) in June 2008, the Company became an Investing Company. The Group's strategy is to continue to review the biodiesel plant project to be carried out by Zurex including potentially re-engineering it into a palm oil refinery. This refinery, through the addition of a trans-esterification module or an esterification module and associated ancillary equipment, could be expanded to produce palm oil biodiesel should it become economically viable to do so. In addition, the Group's strategy is to invest in or acquire projects, assets, partnerships, joint ventures, businesses or companies (public or private) in Europe, Asia and the Middle East in the energy and utility sectors and their related infrastructures.

Board Changes

At the Annual General Meeting (AGM) in July 2007, 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 welcomed to the Board Dr Patrick Howes as a Non Executive Director with effect from 31 August 2007 and David Long as a Non Executive Director on 5 February 2008. 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.

Outlook

The broader investment strategy adopted at the June EGM provides the Company with the flexibility to utilise its current cash resources for the benefit of shareholders. The palm oil refining project will be reviewed in detail as it allows the Company to utilise its current assets, as well as potentially being a financially attractive project. The Company will also seek other investments which should add to shareholder value.

David Yeoh

Executive Chairman

Business review

Zurex Project

Zurex was acquired in November 2006 to construct a 200,000 metric tonnes per annum biodiesel plant at Lahad Datu, Sabah, Malaysia. We had a contract to acquire a 50 acre site that was large enough to expand the biodiesel plant capacity to one million metric tonnes per annum. In January 2007, we signed an agreement with JJ-Lurgi Engineering ("Lurgi"), the company that was to supply the components for the construction of the palm oil biodiesel plant. We progressed to the detailed design for the plant and site, and also reached tendering stage for the main contractor to construct the plant. We had also progressed with discussions both with feed stock providers for the supply of crude palm oil, and with off-takers on the sale of our biodiesel and glycerine products. During this period, the management were actively seeking bank financing that would be necessary to complete the biodiesel plant.

The rise in palm oil prices has meant that bank financing could not be obtained on acceptable terms. Even if acceptable debt financing had been found, the biodiesel plant could not have commenced operations due to the negative margins of biodiesel relative to the price of crude palm oil. In September 2007 the project was put on hold.

Since this time, the management has been working to terminate or vary its various agreements and contractual obligations at minimum cost to the Company as well as taking action to reduce the cost base of the Company. This included closing our Newcastle office.

In May 2008, we announced that we had terminated our contract to purchase the 50 acres of land at Lahad Datu, Sabah, Malaysia and agreed, in its place, to purchase 14 acres of land at the same location. This agreement leaves us with sufficient acreage to build a refining plant (and to add the additional modules to convert it to a 200,000 metric tonnes biodiesel plant should economics allow in the future) and will allow us to save approximately £2.90 million which would otherwise have been spent on acquiring the 50 acre plot of land.

The management has also been actively pursuing alternative options for the Company. We have continued our discussions with Lurgi and are carrying out due diligence on the feasibility of re-engineering the project so that a palm oil refinery plant can be built, utilising the Lahad Datu land and some of the equipment already constructed or procured by Lurgi.

The EGM on 6 June 2008 approved the Company becoming an Investing Company. As an Investing Company Biofutures will therefore have to make an acquisition or acquisitions which constitute a reverse takeover under the AIM Rules for Companies or otherwise implement its Investing Strategy to the satisfaction of the London Stock Exchange within 12 months of having received the consent of Shareholders at the EGM. If this does not occur, trading in the Company's ordinary shares will be suspended. Such an investment could be an investment in the palm oil refinery project.

Financial Review

Overview

The EGM on 6 June 2008 approved the Company becoming an Investing Company. As discussed above, our strategy is to continue to review the biodiesel plant project including potentially re-engineering it into a palm oil refinery. Accordingly it has been necessary to review the carrying values of goodwill, intangibles and property, plant and equipment in the balance sheet.

If the refinery plant proceeds, some of the capital expenditure incurred to date will have a continuing value to the business. Accordingly, this capital expenditure has been retained in the balance sheet at cost. Those assets which have no enduring value have been written-off or written-down to their estimated net realisable value. The total write-down was £2.5 million (2006:£nil), of which £2.4 million has been included in operating loss and £0.1 million in interest expense. Further write-downs will be required if the refinery project does not proceed. This write-down, together with administration and salary costs, resulted in a loss for the year of £2.9 million (2006: (£0.4 million)).

Cash Resources

Available cash and cash equivalents at the year end were £8.3 million (2006:£8.8 million).

The key features in the cash flows were the receipt of the balance of the proceeds from the shares issued in November 2006 of £2.4 million (2006:£10.7 million) which were received in January 2007 and the payment of £0.3million (2006:£0.3m) in respect of accrued costs associated with the Zurex acquisition in 2006. Property, plant and capitalised project costs paid in the year totalled £2.4 million (2006:£0.9 million). In addition interest of £0.5 million (2006:£0.1 million) was received.

Goodwill

Goodwill represents the fair value attributed to the knowledge of the Malaysian nationals required to hold the operational licence for the biodiesel plant in Malaysia, acquired with Zurex (see note 20). Although the biodiesel plant will not be built at this point in time, permission is currently being sought to add a further licence which will permit refining and sale of palm oil. In view of Zurex's existing licence, this additional licence is expected to be forthcoming before the end of 2008. At this time the Board will also need to ensure that the project remains economically viable. Based on the assumption that the refinery project will be built, no impairment is currently considered necessary. However, if the refinery plant is not built, a significant write-off is likely to be required.

Intangibles

The intangible assets are included at their fair value and have been grouped together. They relate to the purchase of the Lahad Datu land, the licence to manufacture palm oil biodiesel and the value of a 5 year tax free incentive. This group of assets could not be separated as they were considered to be all intrinsically linked. As announced on 20 May 2008 the Directors believe that the biodiesel plant is currently not economically viable due to the significant rise in the cost of crude palm oil. The Directors are now considering re-engineering the work done to date to allow it to become a palm oil refinery plant instead. 14 acres of land has been acquired and permission is currently being sought for an additional licence to allow the Company to undertake the palm oil refinery project. The intangible assets have been reviewed based on the assumption that the refinery plant will be built. On this basis, no write-down is currently required. However, if the refinery plant is not built, a significant write-off is likely to be required as the intangible assets may have limited value in the current market conditions.

International Financial Reporting Standards

The results for the Group for the year ending 31 December 2007 have been prepared under International Financial Reporting Standards (IFRS).

REPORT of the INDEPENDENT AUDITOR TO THE MEMBERS OF BIOFUTURES INTERNATIONAL PLC

We have audited the group and parent company financial statements (the "financial statements") of Biofutures International plc for the period ended 31 December 2007 which comprise the group income statement, the group and parent company balance sheets, the group cash flow statement, the group statement of changes in members' equity the principal accounting policies and notes 1 to 22. 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 auditor's 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 opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company financial statements in accordance with United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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, whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Chairman's Statement, the Business Review the Financial Review and the Directors' Report. 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 other information.

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 group's and company's circumstances, 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 group 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 affairs as at 31 December 2007 and of its loss for the period then ended
- the group financial statements have been properly prepared in accordance with the Companies Act 1985
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2007
- the information given in the Chairman's Statement, Business Review, Financial Review and Directors' Report is consistent with the financial statements.

As explained in Note 2.1 to the group financial statements, the group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the group's affairs as at 31 December 2007 and of its loss for the period then ended.

Emphasis of matter - uncertainty over the carrying value of intangibles (Group) and fixed asset investment (Company)

Without qualifying our opinion we draw attention to the Group Strategy section of the Chairman's Report; the Financial Review and note 9 to the financial statements, which explain that the Board is considering re-engineering the palm oil plant project, by requesting an additional licence and modifying the plant, such that it would operate a palm oil refinery rather than a biodiesel production facility. If the refinery project is not progressed, the carrying value of the intangible assets and goodwill in the Group, and the cost of investment in the Company, would need to be assessed for impairment, which may have a significant impact on the financial statements.

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
LEEDS

24 June 2008

CONSOLIDATED INCOME STATEMENT
For the year ended December 2007

	Note	2007 £000	2006* £000
Administrative expenses		(891)	(500)
Impairment	9	(2,400)	-
Operating loss	4	(3,291)	(500)
Interest expense		(76)	-
Interest income		484	77
Loss before income tax		(2,883)	(423)
Income tax expense	7	-	-
Loss for the period		(2,883)	(423)
Loss per share for loss attributable to the equity holders of the Company during the year (expressed in pence)			
- basic and diluted	8	(1.94)p	(1.50)p

All of the Group's trading activities relate to continuing operations.

The accompanying notes and accounting policies form an integral part of these financial statements.

* The 2006 comparative relates to the period commencing 17 Feb to 31 December 2006

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	Note	2007 £000	2006 £000
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,938	1,703
Goodwill	10	6,078	6,078
Intangible assets	10	10,850	10,850
		<hr/>	<hr/>
		18,866	18,631
Current assets			
Trade and other receivables	12	68	2,545
Cash and cash equivalents	13	8,329	8,813
		<hr/>	<hr/>
		8,397	11,358
		<hr/>	<hr/>
Total assets		27,263	29,989
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	1,510	1,477
Share premium account	15	11,293	11,293
Merger reserve	15	16,001	16,001
Translation reserve	15	37	(2)
Share based scheme reserve	15	1,033	1,089
Retained earnings		(3,306)	(423)
		<hr/>	<hr/>
Total equity		26,568	29,435
LIABILITIES			
Current liabilities			
Trade and other payables	16	695	554
		<hr/>	<hr/>
Total equity and liabilities		27,263	29,989

The financial statements were approved by the Board of Directors on 24 June 2008

D Yeoh

JP Pomeroy

The accompanying accounting policies and notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £000	Share premium account £000	Merger reserve £000	Exchange differences on translation of foreign operations £000	Share based scheme reserve £000	Retained earnings £000	Total equity £000
As at incorporation	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(423)	(423)
Issue of shares	1,477	13,326	16,001	-	-	-	30,804
Issue of options and warrants	-	-	-	-	1,089	-	1,089
Issue costs	-	(2,033)	-	-	-	-	(2,033)
Translation reserve	-	-	-	(2)	-	-	(2)
At 31 December 2006	1,477	11,293	16,001	(2)	1,089	(423)	29,435
Opening balance translation adjustments*	-	-	-	(5)	-	-	(5)
Loss for the period	-	-	-	-	-	(2,883)	(2,883)
Issue of shares	33	-	-	-	-	-	33
Cancellation of options	-	-	-	-	(56)	-	(56)
Translation reserve	-	-	-	44	-	-	44
At 31 December 2007	1,510	11,293	16,001	37	1,033	(3,306)	26,568

All reserves are attributable to the equity holders of the parent company

*The opening balance adjustment arises from restatement of Zurex's equity.

CONSOLIDATED CASH FLOW STATEMENT

	Note	2007 £000	2006* £000
Cash flows from operating activities			
Cash generated from operations	17	(891)	(760)
Net cash generated from operating activities		(891)	(760)
Cash flows from investing activities			
Costs relating to acquisition of subsidiary		(275)	(259)
Purchases of property, plant and equipment		(2,359)	(931)
Interest received		484	77
Net cash used in investing activities		(2,150)	(1,113)
Cash flows from financing activities			
Proceeds from issue of shares		2,474	10,686
Net cash generated from financing activities		2,474	10,686
Effect of exchange rate changes		83	-
Net decrease in cash and cash equivalents		(484)	8,813
Cash at beginning of period		8,813	-
Cash and cash equivalents at end of period	13	8,329	8,813

The accompanying accounting policies and notes form part of these financial statements

* The 2006 comparative relates to the period commencing 17 Feb to 31 December 2006

1 General information

The Company was incorporated on 17 February 2006.

Biofutures International plc ("the Company") and its subsidiaries (together "Group plc" or "the Group") were involved in the Asian and European renewable fuels industries.

The Company is a public limited company incorporated and domiciled in England.

These consolidated financial statements have been approved for issue by the Board of Directors on 24 June 2008.

2 Summary of significant accounting policies

2.1 Basis of preparation

These consolidated financial statements of Group plc are for the year ended 31 December 2007. They have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and also as issued by the International Accounting Standards Board.

The Company is entitled to the merger relief offered by section 131 of the Companies Act 1985 in respect of the consideration received in excess of the nominal value of the equity shares issued in connection with the acquisition of Zurex.

The policies set out below have been consistently applied.

2.2 New Accounting Standards

New accounting standards and interpretations which have been adopted in this year and their impact on the Group financial statements are set out below.

- IFRS 7 "Financial instruments: disclosures" and the complementary amendment to IAS 1 "Presentation of financial statements – capital disclosures" introduces new disclosure requirements relating to financial instruments. It does not have any impact on the classification and valuation of the Group's financial instruments, though it has impacted on certain disclosures.
- IFRIC 8 "Scope of IFRS 2" requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2. This interpretation does not have any impact on this year's Consolidated Financial Statements.

New accounting standards, revisions to accounting standards and interpretations that are not yet effective and have not been early adopted are set out below.

- Amendment to IFRS 2 "Share based payment", issued in January 2008, states that all cancellations, whether by the Company or by other parties, should receive the same accounting treatment. The treatment for such cancellations is to charge the full remaining charge to the income statement on the date of cancellation. This amendment will apply for annual periods commencing on or after 1 January 2009 and will cause a change in accounting policies for the Group for year ended 31 December 2009 where employee cancellations will result in an additional charge. The impact on adoption of this standard cannot be estimated as the level of employee cancellations in future periods is unknown, though it may impact on options already granted
- IFRS 8 "Operating segments" (effective for annual periods beginning on or after 1 January 2009) – This standard replaces IAS 14 "Segment reporting" and requires a

“management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. Management does not anticipate that this will result in any material change to the current presentation.

- Amendment to IFRS 3 “Business combinations” (effective for business combinations in annual periods beginning on or after 1 July 2009) – The amendment continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently remeasured at fair value through income. Goodwill may be calculated based on the parent’s share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. This amendment may impact the Group’s accounting for future business combinations.
- Revised IAS 1 “Presentation of financial statements” –the standard may impact on the presentation of the statement of changes in equity.

The following standards, amendments to standards and interpretations, have not yet been adopted and are not expected to have an impact on the Consolidated Financial Statements:

- IFRIC 10 “Interim financial reporting and impairment”
- IFRIC 7 “Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies”
- IFRIC 9 “Re-assessment of embedded derivatives”
- IAS 23 (Amendment) “Borrowing costs”
- Amendment to IAS 27 “Consolidated and separate financial statements”
- IFRIC 11 “IFRS 2 – Group and treasury share transactions”
- IFRIC 12 “Service concession arrangements”
- IFRIC 13 “Customer loyalty programmes”
- IFRIC 14 “IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction”.

2.3 Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group’s share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.4 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments. The Group's business segments are the primary basis of segment reporting.

2.5 Foreign currency translation

- (a) Functional and presentational currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in sterling, which is the Company's functional and presentational currency.
- (b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rate of exchange prevailing at that date. All exchange gains arising on retranslation of assets and liabilities are dealt with in the income statement.
- (c) Consolidation of overseas subsidiary
Income and expenditure for overseas subsidiaries are included based upon monthly average exchange rates to give a fair approximation to the transaction rate. Balance sheet items are included at the year end exchange rate. All other differences are included within the translation reserve.

2.6 Property, plant and equipment

All property, plant and equipment (PPE) is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method at 10% to 20% so as to allocate the cost of each asset less its residual value over its estimated useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Land is not depreciated. Assets in the course of construction are not depreciated until they are brought into use, at which point they are re-categorised to their relevant description.

The principal annual depreciation rates used are as follows:-

- Computer and software 20%
- Office equipment 20%
- Motor vehicle 20%
- Renovation 10%

2.7 Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill

on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Identifiable intangible assets are recognised separately from goodwill on all acquisitions. Such assets are carried at fair value. Such intangible assets are reviewed for impairment on an annual basis.

The intangible assets acquired were an option to acquire land, a licence to manufacture palm oil biodiesel and the value of a 5 year tax free incentive. The group of assets are all intrinsically linked and have been valued as a "group" (see Note 20). The Directors are of the opinion that these intangibles have an indefinite useful economic life, so no annual amortisation is charged. The group of assets will be subject to annual impairment review.

2.8 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

2.9 Trade and other receivables

Trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount plus transaction costs and subsequently carried at amortised cost using the effective interest method less provisions made for doubtful receivables.

2.10 Trade and other payables

Trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest method.

2.11 Cash and cash equivalents

Cash and cash equivalents (readily convertible into a known amount of cash) include cash in hand and deposits held at call with banks with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

2.12 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from

initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.13 Employee Benefits

(a) Pension obligations

Group companies do not operate defined contribution schemes but contribute to individual personal pension plans for certain employees by way of paying 10% of their gross salary costs in lieu of a scheme contribution.

(b) Share based payments

The share option programmes allow Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is usually measured using a binomial model, taking account of the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest where forfeiture is due to performance criteria not being met during the life of the option.

2.14 Financial instruments

The Group's operations result in a number of financial risks that include foreign currencies and interest rates, and credit risks.

The Group's treasury policy is set by the Board and is reviewed regularly. The policy involves the use of certain financial instruments in the management of risks.

Surplus cash is placed on short term deposit to maximise interest earned.

2.15 Judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Directors have used their expert knowledge of the Malaysian biofuels and oil refining markets to estimate the carrying values of goodwill and to estimate the carrying value of certain assets. Similarly their knowledge was used to arrive at the estimate of the fair values included within the acquisitions note.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above (note 10).

(b) Intangibles

The Group has had to make judgements on which intangible assets are intrinsically linked

(c) Estimated impairment of Intangibles

The Group uses net present value calculations based on expected future cash flows to measure the value of the intangibles. These calculations require the use of estimates (note 10).

(d) Estimate of useful life of intangibles

The Directors have to estimate the useful life of intangibles. They have taken into account the nature of the assets and their expected life (note 10).

(e) Carrying value of property, plant and equipment

The Group has reviewed property, plant and equipment and exercised judgement on which assets will have a continuing benefit to the business. In addition judgements have had to be made, based on discussions with third parties, on the likely carrying value of assets that may not be required following the review of the Zurex Project (see note 9).

(f) Impairment of other assets

In view of the decision that the biodiesel project as originally envisaged is currently not viable, the Group has had to review all assets and make judgements that no impairment is required currently, other than that made in respect of property plant and equipment assets

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, cash flow risk, fair value interest-rate risk and foreign currency risk. The Group's overall risk management programmes focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out centrally under policies approved by the Board of Directors.

(a) Credit risk

The Group has no significant concentrations of credit risk.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and ensuring availability of funding.

(c) Cash flow and fair value interest rate risk

The Group's cash flow interest rate risk arises from money market deposits. Deposits made at variable rates expose the Group to cash flow interest rate risk. All the Group's deposits are at variable rates but the Group does not consider the risk to be significant. If interest rates had changed by 0.5% during the year, the impact on the Group's profit and loss would have been £42,000 (2006: £8,000).

(d) Foreign currency risk

The Company has investments in operations outside the United Kingdom denominated in currencies other than sterling. As a result the value of the Company's non-sterling financial assets and cash flows can be affected by movements in exchange rates in particular the Malaysian/Sterling exchange rate. The Group does not currently have an active policy to hedge its foreign currency risks because it is not considered significant (2006: nil).

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Year ended 31 December 2007	Period ended 31 December 2006
	£000	£000
The following amounts have been translated from Malaysian Ringgit:		
Trade and other receivables	10	-
Cash and cash equivalents	33	-
Trade and other payables	(412)	(2)
Net exposure	(369)	(2)

For the year ended 31 December 2007, if the Malaysian Ringgit had weakened/strengthened by 0.5 Ringgit against the UK Pound Sterling with all other variables held constant, post tax profit for the year would have been £184,000 (2006:£26,000) lower/higher mainly as a result of foreign exchange gains/losses on translation of Malaysian Ringgit-denominated transactions

Equity would have been £139,000 (2006:£115,000) lower/higher, arising mainly from foreign exchange losses/gains on translation of Malaysian Ringgit-denominated assets and liabilities.

The amounts presented for financial assets or financial liabilities at fair value through profit or loss include interest income and expenses.

4 Segment information

Primary reporting format – business segments

At 31 December 2007, the Group is organised into two main business segments - (1) development and administration of investments ("head office") - (2) planning and construction of biodiesel plant and related activities, "operational"

BIOFUTURES INTERNATIONAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

The segment results for the year ended 31 December 2007 are as follows:

	Year ended 31 December 2007	Period ended 31 December 2006
	£000	£000
Operating loss		
Operational	(2,591)	(9)
Head Office	(700)	(491)
	<u>(3,291)</u>	<u>(500)</u>
Loss before Income Tax		
Operational	(2,667)	(9)
Head Office	(216)	(414)
	<u>(2,883)</u>	<u>(423)</u>
Loss for the period		
Operational	(2,667)	(9)
Head Office	(216)	(414)
	<u>(2,883)</u>	<u>(423)</u>

The segment assets and liabilities at 31 December 2007 and capital expenditure for the year then ended are as follows:

	Year ended 31 December 2007	Period ended 31 December 2006
	£000	£000
Assets		
Operational	18,908	18,631
Head Office	8,355	11,358
	<u>27,263</u>	<u>29,989</u>
Liabilities		
Operational	411	2
Head Office	284	552
	<u>695</u>	<u>554</u>
Capital expenditure (note 9)		
Operational	2,762	1,703
Head Office	-	-
	<u>2,762</u>	<u>1,703</u>

Segment assets consist primarily of land, plant and equipment, intangible assets, receivables and operating cash. They exclude deferred taxation.

Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment (note 9), including additions resulting from acquisitions through business combinations (note 9 and note 20).

Secondary reporting format - geographical segments

The home country of the Company is England.

	Year ended 31 December 2007 £000	Period ended 31 December 2006 £000
Assets		
Malaysia	18,908	18,631
England	8,355	11,358
	<u>27,263</u>	<u>29,989</u>
Liabilities		
Malaysia	411	2
England	284	552
	<u>695</u>	<u>554</u>
Capital expenditure (note 9)		
Malaysia	2,762	1,703
England	-	-
	<u>2,762</u>	<u>1,703</u>

5 Expenses by nature

	Year ended 31 December 2007 £000	Period ended 31 December 2006 £000
Depreciation	7	-
Employee benefit expense (note 6)	430	143
Auditors' remuneration		
• fees payable to the company's auditors for the audit of the company's annual accounts	26	
• The audit of the company's subsidiary: pursuant to legislation	1	
• Tax services	9	3
Share based payment (credit)/charge	(56)	65
Exchange rate differences	(109)	10

All of the above are classified as administrative expenses

In addition to the above £nil (2006:£80,775) has been paid to the auditors in respect of additional services. In 2006 the monies were paid in respect of Corporate Finance Services in relation to the acquisition of Zurex and the re-admission to AIM; this amount has been debited to the share premium account.

BIOFUTURES INTERNATIONAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

6 Directors and employees

The employee benefit expense during the year was as follows:

	Year ended 31 December 2007	Period ended 31 December 2006
	£000	£000
Wages and salaries	351	102
Social security costs	45	11
Termination payments	55	-
Share based payments	(21)	30
	430	143

The average number of employees during the period was as follows:

	Year ended 31 December 2007	Period ended 31 December 2006
	£000	Number
Administration	7	3

Remuneration in respect of directors was as follows:

	Year ended 31 December 2007	Period ended 31 December 2006
	£000	£000
Wages and salaries	315	102
Termination payments	55	-
	370	102

Highest paid Director	Year ended 31 December 2007	Period ended 31 December 2006
	£000	£000
Wages and salaries	95	76
Termination payments	50	-
Share based payments	(23)	23
	122	99

BIOFUTURES INTERNATIONAL PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2007**

The Board of Directors consider key management to currently comprise the three Executive Directors (see page 4) and Nicholas Gee who left the Company in 2007. Compensation for key management was:

	Year ended 31 December 2007	Period ended 31 December 2006
	£000	£000
Wages & salaries	267	94
Social security costs	39	11
Compensation for loss of office	50	-
Share based payments	(21)	30
I	335	135

The termination payments were made to Directors who were not re-elected at the 2007 AGM.

7 Income tax expense

There is no tax charge due to the losses arising in the year (2006: £nil).

Deferred tax relating to the acquisition during 2006 is detailed in note 11.

The tax on the Group's profit before tax differs from the loss before taxation multiplied by the standard rate of corporation tax in the UK due to the following:

	Year ended 31 December 2007	Period ended 31 December 2006
	£000	£000
Loss before tax	(2,883)	(423)
Tax calculated at the standard rate of corporation tax in the UK: (30%) (2006: 30%)	(865)	(127)
Benefit of tax losses carried forward to future periods for which no deferred tax asset has been recognised	65	127
Overseas expenses not deductible	800	-
Tax charge	-	-

Factors Affecting Future Tax Charges

The standard rate of UK corporation tax changes from 30% to 28% from 1 April 2008, the effect of which will be quantified from this date.

BIOFUTURES INTERNATIONAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

8 Loss per share

Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Year ended 31 December 2007	Period ended 31 December 2006
Loss attributable to equity holders of the Company	£2,883,000	£423,000
Weighted average number of ordinary shares in issue	148,979,891	28,172,762
Basic and diluted loss per share in pence	(1.94)p	(1.50)p

Diluted

Diluted loss per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all contracted dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares.

The options and warrants in issue are currently anti-dilutive and accordingly the diluted loss per share is the same as the basic loss per share

9 Property, plant and equipment

	Land £000	Leasehold additions £000	Motor Vehicles £000	Computer equipment £000	Assets in the course of Construction £000	Total £000
Cost						
On incorporation	-	-	-	-	-	-
On acquisition of Zurex	378	-	-	-	394	772
Additions	775	-	-	-	156	931
Disposals						
As at 31 December 2006	1,153	-	-	-	550	1,703
Foreign exchange adjustment	33	-	-	-	24	57
Additions	-	30	14	8	2,710	2,762
Disposals	-	-	-	-	-	-
Closing cost at 31 December 2007	1,186	30	14	8	3,284	4,522
Depreciation						
On incorporation and as at 31 December 2006	-	-	-	-	-	-
Foreign exchange adjustment	3	-	-	-	98	101
Charge for year	-	3	3	1	-	7
Impairment in year	76	-	-	-	2,400	2,476
Disposals	-	-	-	-	-	-
Closing depreciation at 31 December 2007	79	3	3	1	2,498	2,584
Net book value as at 31 December 2007	1,107	27	11	7	786	1,938
Net book value as at 31 December 2006	1,153	-	-	-	550	1,703

Land impairment

The Company's subsidiary, Zurex, held the rights to acquire 50 acres of land at Lahad Datu in Sabah for a purchase consideration of RM 26,136,000, of which 30% (approximately £1.2m) had been paid, until 16 May 2008. This contract was rescinded on 16 May 2008 and replaced with a second agreement whereby Zurex has contracted to acquire a 14 acre plot for RM 7,318,080 (approximately £1.1m). The difference in amounts will be used to pay interest of RM 519,140 (approximately £76,000) and the balance of RM 3,580 (approximately £500) offsetting the fees due in respect of the transaction which total RM 21,400 (approximately £3,000). Accordingly the value of land has been impaired to the value of RM 522,720 (approximately £76,000) in these accounts and this has been reflected in the income statement through interest and administration expenses accordingly.

Impairment of assets in the course of construction

Zurex was established to build a 200,000 tonnes per annum palm oil biodiesel plant on the land at Lahad Datu, Sabah. As announced on 20 May 2008 the Directors believe that the biodiesel plant is currently not economically viable due to the significant rise in the cost of palm oil. The Directors are now considering re-engineering the works done to date to allow it to become a palm oil refinery plant instead. This would also give the flexibility to consider the production of palm oil biodiesel should economic circumstances permit in the future. The Board have reviewed the capital expenditure to date and consider that certain costs incurred will not have enduring value for the re-engineered project and according have written off this expenditure where it has no resale value. Certain assets are also likely to be sold and are included at their estimated realisable value. Should the re-engineered project not proceed, further expenditure will need to be written off to their realisable value

The impairment charge has been included in the income statement as follows:

	Year ended 31 December 2007 £000	Period ended 31 December 2006 £000
Impairment	2,400	-
Included within interest	76	-
Administration expenses	-	-
Total charge	2,476	-

10 Intangible assets

	Goodwill on consolidation	Group of Intangibles	Total
	£000	£000	£000
Fair value of acquisition (note 20)	1,428	15,500	16,928
Deferred taxation (note 11)	4,650	(4,650)	-
As at 31 December 2006 and 2007	6,078	10,850	16,928

The carrying amount of goodwill is all allocated to the operational cash generating unit.

The intangible assets are included at their fair value and have been grouped together. They relate to the option to acquire the land, the licence to manufacture palm oil biodiesel and the value of a

5 year tax free incentive. The group of assets could not be separated as they were considered to be all intrinsically linked.

Zurex was established to build a 200,000 tonnes per annum palm oil biodiesel plant on the land at Lahad Datu, Sabah. As announced on 20 May 2008 the Directors believe that the biodiesel plant is currently not economically viable due to the significant rise in the cost of palm oil. The directors are now considering re-engineering the works done to date to allow it to become a palm oil refinery plant instead. 14 acres of land has now been acquired and permission is currently being sought to acquire an additional licence to permit palm oil refining. The detailed feasibility study is still in progress and the decision on whether to proceed will depend on the outcome of this study. The intangible assets have been reviewed based on the assumption that the refinery plant will be built and that construction will commence within the next 12 months.

The projected cash flows over the next 10 years, discounted at a rate of 10%, will be higher than the carrying values detailed above. The projections to support the carrying value assume

- Margin of refined palm oil over crude palm oil - RM 300 per tonne.
- Income and costs rise at 5% per annum.
- 10 years has been used to more fairly reflect the potential operational life of the plant.
- No terminal values have been used in calculating the discounted value of the cashflows.
- Discount rate of 10%,

Based on the above assumptions no provision for impairment is required. However, should the refinery plant not be progressed, a significant write off of up to the full carrying value is likely to be required.

Goodwill represents the fair value attributed to the knowledge of the Malaysian nationals required to hold the operational licence for the biodiesel plant in Malaysia, acquired with Zurex (note 20). Although the biodiesel plant will not be built under immediate plans, an additional licence is currently being sought to permit palm oil refining. Accordingly, no impairment is currently considered necessary. However, should the refinery plant not be progressed, a significant write-off of up to the full carrying value is likely to be required.

11 Deferred income tax

There was no movement on the deferred income tax account during the year:

	£000
As at 31 December 2006 and 2007	4,650

The deferred tax liability arose on the acquisition of Zurex in 2006 (note 20)

The movement in deferred tax assets is as follows:

	2007	2006
	£000	£000
As at 1 January (or incorporation)	216	-
Adjustment in respect of prior years	(126)	-
Unutilised losses arising during the period	65	216
Carried forward at 31 December	155	216

BIOFUTURES INTERNATIONAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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The deferred income tax asset is recoverable as follows:

	2007	2006
	£000	£000
Deferred tax asset to be recovered after more than 12 months	155	216
Unprovided tax asset	155	216

The deferred tax asset is not provided in view of the uncertainty as to the timing of its recoverability.

12 Trade and other receivables

	2007	2006
	£000	£000
Other	68	2,545

The carrying amounts of other receivables are at fair value.

13 Cash and cash equivalents

	2007	2006
	£000	£000
Cash at bank and in hand	229	779
Short-term bank deposits	8,100	8,034
	8,329	8,813

The effective interest rate on short-term bank deposits was 5.6%. These deposits have an average maturity of 8 days.

14 Share capital

	2007	2007	2006	2006
	Number	£000	Number	£000
Authorised				
Ordinary shares of 1p each	250,000,000	2,500	250,000,000	2,500
Issued				
At 1 January (or incorporation)	147,730,000	1,477	2	0
Issue of shares - 30 July 2007 (a)	3,330,000	33	147,729,998	1,477
At 31 December	151,060,000	1,510	147,730,000	1,477

All issued shares are fully paid.

(a) These shares were issued following the exercise of warrants that had been granted to the brokers prior to readmission. The exercise price was 1p

15 Statement of changes in equity

Description and purpose of reserves:

Share capital –	represents the nominal value of the shares issued.
Share premium –	represents the premium over nominal value paid for the shares issued.
Merger reserve –	represents the premium on shares issued as consideration for the acquisition of Zurex, which was acquired by way of share for share exchange and qualified for merger relief.
Translation reserve –	represents the differences arising on translation of foreign operations into the presentational currency.
Share based scheme reserve –	represents the balance of share award schemes not yet released to the income statement.

16 Current liabilities

	2007	2006
	£000	£000
Trade payables	627	500
Social security and other taxes	68	54
	<u>695</u>	<u>554</u>

The carrying amounts of trade and other payables are at fair value.

17 Cash generated from operations

	Year ended 31	Period ended 31
	December 2007	December 2006
	£000	£000
Operating loss	(3,291)	(500)
Adjustments for:		
- depreciation	7	
- impairment (note 9)	2,400	
- share based payments (note 19)	(56)	65
Changes in working capital (excluding the effects of acquisition):		
- trade and other receivables	36	(104)
- trade and other payables	13	(221)
Cash generated from operations	<u>(891)</u>	<u>(760)</u>

18 Contingencies

There were no contingent liabilities at 31 December 2007 (2006: £nil).

19 Share based payments

The Group has three contracted share option schemes and warrants in issue. The contracted and proposed options have been valued in accordance with the provisions of IFRS 2. As a result of lapses there was a net credit of £56,000 (2006 charge £65,000) to the income statement in respect of share based payments.

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Scheme	Date of original grant	Option price	Vesting conditions	Life of option	Number of options	Exercised	Lapsed	Carried forward
LTIP (employee)	27/10/06	0p	Share Price	3 years	2,600,000	-	2,480,000	120,000
LTIP (non employee)	27/10/06	0p	Share Price	3 years	3,000,000	-	3,000,000	-
Warrant	27/04/06	1p	None	7 months	3,330,000	3,330,000	-	-
Warrant	27/10/06	25p	None	1 month	1,107,975	-	-	1,107,975

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of share options granted. The estimate of fair value of the services received is measured based on a binomial lattice model for both LTIP Schemes. The vesting period is used as an input to those models. The following additional assumptions were used:

	LTIP	Warrants
Expected volatility based on the average volatility of four closely comparable companies over a 12 month period	60%	60%
No expected dividends	4.97%	4.65%
Risk-free interest rate	4.97%	4.6-4.9%

Although no new options or warrants were issued during 2007, the Company has agreed to the issue of 1,510,060 options to Blomfield Corporate Finance as part of their appointment as the Company's Nomad in 2007. These options will be valued following their grant in 2008.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2007 Number	2007 WAEP (pence)	2006 Number	2006 WAEP (pence)
At 1 January (or incorporation)	10,037,975	3.09	-	-
Granted during the year	-	-	10,037,975	3.09
Exercised during the year	(3,330,000)	1.00	-	-
Lapsed	(5,480,000)	0.00	-	-
At 31 December	1,227,975	22.56	10,037,975	3.09

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20 Acquisition of subsidiary

On 24 November 2006 the Company acquired the entire share capital of Zurex Corporation Sdn.Bhd. ("Zurex"). Zurex is a Malaysian company which has the right to acquire a site, and owns a licence to manufacture palm oil biodiesel. The acquisition had the following effect on the Group's assets and liabilities:

	At acquisition £000	Fair value adjustment £000	Deferred tax £000	Recognised carrying amount £000
Intangible assets	-	15,500	(4,650)	10,850
Property, plant and equipment	772	-	-	772
Trade and other payables	(774)	-	-	(774)
Net identifiable assets and liabilities	(2)	15,500	(4,650)	10,848
Goodwill on acquisition		1,428	4,650	6,078
Consideration paid				16,926

The intangible assets are included at their fair value.

The assets that have been grouped together are the right to acquire the land, the licence to manufacture palm oil and the value of a 5 year tax free incentive. The group of assets could not be separated as they are all intrinsically linked. The fair value of the group of assets have been estimated by the Directors based upon their assumptions of a market price for such a group of assets.

A significant part of the acquisition cost can be attributed to the knowledge of the licence holders in Malaysia. Under IFRS no value can be attributed to such intangibles. These circumstances contributed to the amount recognised as goodwill.

The consideration was in the form of 66,670,000 shares at a share price of 25p.

21 Capital Commitments

The following commitments have been entered into at the year end:-

	2007	2006
	£000	£000
Construction contract for biodiesel plant– JJ Lurgi	4,068	4,000

22 Post balance sheet events

The Company announced on 20 May 2008 that it believes the biodiesel plant is currently not economically viable due to the significant rise in the cost of palm oil. The Company is now considering re-engineering the works done to date to allow it to build a palm oil refinery plant instead. 14 acres of land has now been acquired and the permission is currently being sought to acquire an additional licence to permit palm oil refining.

The Company's subsidiary, Zurex, originally held the rights to acquire 50 acres of land at Lahad Datu in Sabah, Malaysia. This contract was rescinded on 16 May 2008 and replaced with a second agreement whereby Zurex has contracted to acquire a 14 acre plot.