

Biofutures International plc - Final Results

Biofutures International plc
30 April 2010

For Immediate Release

30 April 2010

Biofutures International plc

Final audited results for the year ended 31 December 2009

Biofutures International plc, the AIM quoted 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 2009.

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 but it is derived from those accounts. The financial information set out in the announcement does not constitute the group's statutory accounts for the years ended 31 December 2009 or 31 December 2008. The financial information for the year ended 31 December 2008 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s237(2) or (3) of the Companies Act 1985. The consolidated statement of financial position at 31st December 2009 and the consolidated income statement, the statement of recognised income and expense, the consolidated cash flow statement and the related notes for the year then ended have been extracted from the Group's 2009 statutory financial statements upon which the auditor's opinion is unqualified and does not include any statement under s498(2) or s498(3) of the Companies Act 2006.

The announcement has been agreed with the company's auditor for release.

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 for approval at the Annual General Meeting to be held on 25 June 2010.

Enquiries:

Julie Pomeroy, Finance Director - Biofutures International plc tel: 07747 624199

Derek Crowhurst - Religare Capital Markets (Nomad) tel: 020 7444 0800

Daniel Briggs - Religare Capital Markets (Broker) tel: 020 7444 0500

Chairman's statement

After having obtained shareholders' approval in June 2008 to become an investing company, 2009 was a year of many challenges for the Company. The original objective of building a biodiesel plant had to be revised into a more economically viable alternative utilising, where possible, the equipment and land purchased earlier. A refinery licence was applied for and obtained by the Company's wholly-owned subsidiary, Zurex Corporation Sdn. Bhd. ("Zurex"), and the Board took immediate measures to seek the approval of the relevant authorities in Malaysia to carry out the construction of a palm oil refining plant ("Refinery") on the Group's land in Lahad Datu, Sabah, Malaysia.

The pace of implementation for the construction of the Refinery was dictated by the speed with which the building and the environmental management plans could be obtained. Once these approvals were obtained, tenders were called for the construction of the Refinery building. In February 2009, the Company announced that Zurex had awarded a contract to WS Bioengineering Pte. Ltd. ("WS Bio") for the construction of the Refinery building at a cost of RM30.2 million (*£6.04 million). In December 2009, the Company announced that Zurex had awarded a contract at a fixed value of RM7.28 million (£1.46 million) to WS Bio to supply a complete physical refining system capable of refining crude palm oil into refined bleached and deodorized palm oil.

Concurrently with the construction of the Refinery, the Company proceeded actively to seek financing for the Refinery project and for working capital requirements. Obtaining lending from the various financial institutions in Malaysia proved to be a difficult task against the backdrop of the economic challenges that the entire global community was facing in early 2009. With business confidence at its lowest for many years, the banks in Malaysia, like many around the world, adopted a 'wait and see' attitude as they had become very risk adverse, even though they were less exposed than their counterparts in America and Europe.

After strenuous effort, the Company announced in December 2009 that Zurex had secured a loan facility of RM47 million (£9.40 million) from Bank Kerjasama Rakyat Malaysia Bhd., based on Islamic principles, of which RM28.8 million (£5.76 million) is for capital expenditure for the construction of the Refinery building and purchase of equipment for the process system. The balance of RM18.2 million (£3.64 million) is to be used as working capital.

The Company announced in June 2009 that Zurex had issued a Notice of Arbitration to JJ-Lurgi Engineering Sdn. Bhd. ("JJ-Lurgi") in respect of the contract for the supply of equipment for the production of biodiesel entered into in January 2007. The matter has been referred to the Regional Centre for Arbitration, Kuala Lumpur. Zurex is claiming RM9.89 million (£1.98 million) against JJ-Lurgi and JJ-Lurgi has a counter claim of RM2.87 million (£0.57 million) against Zurex under the arbitration proceedings. The entire Board is being kept fully apprised of developments and the matter is being given the full attention that it merits. The arbitration hearing has been set for 23 to 26 August 2010. Pending final resolution of the matter, no further write-down of the costs incurred under this contract has been made and no potential asset recovery has been recognized.

Barring any unforeseen circumstances, the Refinery is now expected to be in production by 30 September 2010. In the countdown to production, the Company will be seeking to make strategic alliances and commercial tie-ups with palm oil suppliers/traders and off-takers for its product to maximize returns and minimize risks.

Exciting and challenging times lie ahead for the Company.

David Yeoh

Executive Chairman

*An exchange rate of £1 = RM5 is used for all conversions in the Chairman's statement

Business review

Palm oil refinery build

The Company's wholly-owned subsidiary, Zurex Corporation Sdn. Bhd. ("Zurex") remains focused on building a palm oil refining plant (the "Refinery") on its 14 acre site in Lahad Datu, Sabah, Malaysia.

Following a detailed tender process, Zurex entered into a contract with WS Bio Engineering Pte. Ltd. ("WS Bio") in February 2009 to construct the infrastructure for a palm-oil refinery for RM30.2 million (*£6.04 million).

During the month of December 2009, Zurex awarded a further contract to WS Bio to fabricate and install a physical refining system which will be capable of refining 200,000 metric tonnes per annum of crude palm oil into fully-refined palm oil.

The physical refining system contract is valued at RM7.28 million (£1.46 million) making the total costs of the Refinery to be between RM38 million (£7.60 million) and RM40 million (£8.0 million) compared to the estimated costs of more than RM120 million (£24 million) to build a biodiesel plant of similar capacity.

Piling works on the site commenced in July 2009, and work is progressing well on the construction of the plant building and fabrication of the physical refining system.

Our site

Zurex's site is situated within Phase 1 of the Palm Oil Industrial Cluster ("POIC") in Lahad Datu, Sabah, Malaysia.

POIC's management is developing the Lahad Datu area as part of a federal and local government long-term initiative which commenced in 2005 to ensure Malaysia retains the downstream economic value derived from its palm oil crop. Phase 1 was the development of a 500 acre site, of which Zurex owns 14 acres for its refinery project.

Lahad Datu has been designated by the Malaysian government as the country's third port of delivery for palm oil futures and is currently the centre of the palm oil industry in Sabah, on the island of Borneo. Sabah currently accounts for 30 per cent of Malaysia's total palm oil production.

Zurex's 14 acre site is adjacent to a designated oleo-chemicals handling deep water port, bordered by more than 100 palm oil mills, and is home to companies which produce more than 5 million tonnes of palm and palm kernel oil per annum.

POIC's remit is to develop the Lahad Datu site and the neighbouring infrastructure to ensure the establishment and long-term growth of Lahad Datu as the principal palm oil industrial cluster within the ASEAN region.

Cornerstone laying ceremony

The laying of the cornerstone took place on 25 December 2009. The ceremony was conducted in accordance with traditional ritual by the scattering of corn, the sprinkling of wine and the pouring of oil upon the cornerstone. This event, on Christmas Day, was immortalized in stone on behalf of all the Directors and Shareholders of Biofutures International Plc.

Funding

Zurex obtained a loan facility of RM47 million (£9.4 million) from Bank Kerjasama Rakyat Malaysia Bhd., a licensed bank in Malaysia, to partially fund the plant build and to provide working capital. The loan

consists of RM28.8 million (£5.76 million) for capital expenditure and RM18.2 million (£3.64 million) for working capital. Zurex has partially drawn down on the loan for capital expenditure purposes.

The Company announced in December 2009 that the Refinery would not be operational until 30 September 2010. This delay was principally due to the time taken to negotiate the necessary bank financing against the backdrop of a challenging global economic environment.

Arbitration

On 24 June 2009, Zurex issued a Notice of Arbitration to JJ-Lurgi Engineering Sdn. Bhd. to settle the dispute between them in relation to the contract to supply components for Zurex's proposed biodiesel plant in Lahad Datu, Sabah, Malaysia.

The Regional Centre for Arbitration, Kuala Lumpur, Malaysia has set the date for the hearing from 23 to 26 August 2010.

*An exchange rate of £1 = RM5 is used for all conversions in the Business Review

Financial Review

Overview

The Group has commenced building the Refinery during the year as discussed in the Chairman's Statement. The Group has continued to control its costs against the significant fall in interest which it received on its bank deposits. The loss for the year was £0.65 million (2008: £0.29 million loss).

Administrative expenses and interest income

Administrative expenses were in line with the previous year at £0.73 million (2008: £0.71 million). Interest income fell from £0.43 million in 2008 to £0.08 million in the current year due mainly to the fall in global interest rates and a reduction in cash on deposit as a result of the capital expenditure incurred on the Refinery.

Cash resources

Available cash and cash equivalents at the year end were £4.76 million (2008: £7.81 million).

The key features in the cash flows were property, plant and capitalised project costs paid in the year totalling £3.08 million (2008: £0.13 million). In addition, interest of £0.08 million (2008: £0.43 million) was received and loans to the Group were obtained which totalled £0.32 million (2008: nil).

Bank financing

In December the Group entered into a bank facility arrangement with Bank Kerjasama Rakyat Malaysia Bhd., a licensed bank in Malaysia, for the aggregate sum of up to RM47 million (£9.4 million at £1=RM5) consisting of two tranches, of which RM28.8 million is for capital expenditure and RM18.2 million for working capital. The borrowings have been made under Islamic banking principles and include an asset sale agreement and an asset purchase agreement. Zurex has placed RM20 million on deposit with Bank Kerjasama Rakyat Malaysia Bhd. as security for the lending of monies. A legal charge and debenture have been given to the Bank together with a corporate guarantee from Biofutures. The effective rate of interest is set at 1.5% over the Bank's funding rate subject to a cap at 9.95%. At the year end, RM1.75 million (£0.32 million at the year end rate of £1=RM5.5) had been drawn down on this facility.

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. Although the biodiesel plant will not be built at this point in time, an additional licence has been obtained which will permit refining and sale of palm oil. The building of the Refinery has commenced and on this basis no impairment is currently considered necessary.

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 linked refinery licence subsequently obtained. This group of assets could not be separated as they were considered to be all intrinsically linked. On the basis that the building of the Refinery has commenced, no write-down is currently required.

Contingencies

In June 2009, the Company issued a Notice of Arbitration to JJ-Lurgi. This relates to the dispute between the Company and JJ-Lurgi in connection with the contract between them dated 26 January 2007 for the supply of components for the construction of a 200,000 tonnes per annum palm oil biodiesel plant. The original contract was for RM38.4 million of which RM11.5 million had been paid (£7.68 million and £2.30 million respectively at an exchange rate of £1 = RM5). The Company, supported by legal advice, has taken the view that the contract had been terminated. Zurex is claiming RM9.89 million (£1.98 million £1=RM5) against JJ-Lurgi and JJ-Lurgi has a counter claim of RM2.87 million (£0.57 million £1=RM5) against Zurex under the arbitration proceedings.

The ultimate outcome of the arbitration between the Company and JJ Lurgi cannot be determined presently for inclusion within these accounts, but the Directors are of the opinion that the Company will be able to support its case successfully and accordingly, no contingent liability nor any contingent asset has been recognised (2008 – nil).

International Financial Reporting Standards

The results for the Group for the year ended 31 December 2009 have been prepared under International Financial Reporting Standards ("IFRS").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2009	2008
	Notes	£000	£000
Continuing operations			
Gross profit		-	-
Administrative expenses		(729)	(713)
Finance income		76	428
Loss before tax	4	(653)	(285)
Income tax expense	7	-	-
Loss for the period attributable to equity interests		(653)	(285)
Other comprehensive income			
Net exchange differences on translating foreign operations		(2,261)	6,186
Other comprehensive (loss)/income net of tax		(2,261)	6,186
Total comprehensive (loss)/income for the period		(2,914)	5,901
(Loss) per share			
- Basic and diluted	8	(0.43)p	(0.19)p

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

		2009	2008
Assets	Note	£000	£000
<i>Non-current assets</i>			
Property, plant and equipment	9	5,486	2,649
Goodwill	10	6,722	7,584
Intangible assets	10	19,647	21,539
		<u>31,855</u>	<u>31,772</u>
<i>Current assets</i>			
Trade and other receivables	12	57	101
Cash and cash equivalents	13	4,755	7,812
		<u>4,812</u>	<u>7,913</u>
Total assets		<u>36,667</u>	<u>39,685</u>
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	16	956	673
<i>Non-current liabilities</i>			
Term loan	17	318	-
Deferred Tax	11	4,912	5,600
Total liabilities		<u>6,186</u>	<u>6,273</u>
Net assets		<u>30,481</u>	<u>33,412</u>
<i>Equity</i>			
Share capital	14	1,510	1,510
Share premium account	15	11,293	11,293
Merger reserve	15	16,001	16,001
Translation reserve	15	4,879	7,140
Share based scheme reserve	15	1,042	1,059
Retained earnings		<u>(4,244)</u>	<u>(3,591)</u>
Total equity		<u>30,481</u>	<u>33,412</u>

The financial statements were approved by the Board on 30 April 2010

David Yeoh

Julie Pomeroy

The accompanying accounting policies and notes form an integral part of this financial information.

Company Registration No: 05712979

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
At 1 January 2008	1,510	11,293	16,001	954	1,033	(3,306)	27,485
Loss for the year	-	-	-	-	-	(285)	(285)
Translation reserve	-	-	-	6,186	-	-	6,186
Total comprehensive Income	1,510	11,293	16,001	7,140	1,033	(3,591)	33,386
Issue of options and warrants	-	-	-	-	26	-	26
At 31 December 2008	1,510	11,293	16,001	7,140	1,059	(3,591)	33,412
Loss for the year	-	-	-	-	-	(653)	(653)
Translation reserve	-	-	-	(2,261)	-	-	(2,261)
Total comprehensive Income	1,510	11,293	16,001	4,879	1,059	(4,244)	30,498
Lapse of options	-	-	-	-	(17)	-	(17)
At 31 December 2009	1,510	11,293	16,001	4,879	1,042	(4,244)	30,481

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

CONSOLIDATED CASH FLOW STATEMENT

		2009	2008
	Note	£000	£000
Cash flows from operating activities			
Cash used in operations	18	(362)	(834)
Net cash used in operating activities		(362)	(834)
Cash flows from investing activities			
Purchases of property, plant and equipment		(3,081)	(125)
Interest received		76	428
Net cash used in investing activities		(3,005)	303
Cash flows from financing activities			
New loans in period		318	-
Net cash generated from financing activities		318	-
Net decrease in cash and cash equivalents		(3,049)	(531)
Cash at beginning of year		7,812	8,329
Effect of exchange rate changes		(8)	14
Cash and cash equivalents at end of year	13	4,755	7,812

The accompanying accounting policies and notes form an integral part of this financial information.

1 General information

The Company was incorporated on 17 February 2006.

Biofutures International plc ("the Company") and its subsidiaries (together "the Group") are involved in the refining of palm oil.

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

The financial information contained in this announcement is extracted from the audited consolidated financial statements which were approved for issue by the Board of Directors on 30 April 2010.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial information in this announcement is for the year ended 31 December 2009 and has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The parent company financial statements have been prepared using United Kingdom accounting standards.

The Company is entitled to the merger relief offered by Section 612 of the Companies Act 2006 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 Going concern

The Group has committed to building a 200,000 metric tonne refinery plant and has banking facilities of RM47m (£9.4 million at £1=RM5) consisting of two tranches, of which RM28.8 million is for capital expenditure and RM18.2 million for working capital. Additional finance may be required to fund the working capital needed for production of refined palm oil at full capacity. The board expects to be able to raise the necessary finance, if it is required, once the plant is built. If such funding was not obtained, the board expects to be able to commission the plant and continuous production at full capacity would be deferred until such time as the necessary working capital is obtained.

2.3 Adoption of new and revised standards

During the year the Group has applied IAS 1 Presentation of Financial Statements (Revised 2007) and IFRS 8 Operating Segments. IAS 1 Presentation of Financial Statements (Revised 2007) requires presentation of a comparative balance sheet as at the beginning of the first comparative period, in some circumstances. Management considers that this is not necessary this year because the 2008 balance sheet is the same as that previously published.

The adoption of IAS 1 Presentation of Financial Statements (Revised 2007) has introduced a number of terminology changes (including titles for the primary statements) and has resulted in a number of changes in presentation and disclosure. The revised standard has had no impact on the reported results or financial position of the Group.

The adoption of IFRS 8 has not changed the segments that are disclosed in the financial statements. The previous annual and interim financial statements identified segments by reference to the dominant source and nature of the Group's risks and returns. These segments are consistent with those used within internal management reporting information that is regularly reviewed by the chief operating decision maker, as required by IFRS 8.

2.4 Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 January 2009 are:

- IFRS 9 Financial Instruments (effective 1 January 2013)
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective 1 July 2009)
- Group Cash-settled Share-based Payment Transactions - Amendment to IFRS 2 (effective 1 January 2010)
- Improvements to IFRSs 2009 (various effective dates, earliest of which is 1 July 2009, but mostly 2010)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective prospectively for transfers on or after 1 July 2009)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
- Prepayments of a Minimum Funding Requirement - Amendments to IFRIC 14 (effective 1 January 2011)
- Amendment to IAS 32 Classification of Rights Issues (effective 1 February 2010)

2.5 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.

2.6 Segment reporting

Following the adoption of IFRS 8, Operating Segments, the Group's segmental analysis follows internal reporting, and results in one 'operational' segment being identified.

2.7 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, including related goodwill and intangible assets, which are translated at the rate ruling at the balance sheet date.

2.8 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. Under IAS23 finance costs which are attributable are capitalised.

The principal annual depreciation rates used are as follows:-

- Computer equipment 20%
- Motor vehicles 20%
- Leasehold additions 10%

2.9 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 at the date of acquisition (i.e as deemed cost). 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 linked refinery licence subsequently obtained. The group of assets are all intrinsically linked and have been valued as a "group" (see note 10). 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.

2.10 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.

2.11 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 impairment of receivables.

2.12 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.

2.13 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.

2.14 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.

2.15 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 accounted for as salary when payable.

- (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.

2.16 Judgments and estimates

Estimates and judgments 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 bio fuels and oil refining markets to estimate the carrying values of goodwill and to estimate the carrying value of certain assets. Although the biodiesel project will not now be carried out, the holding of the biodiesel licence which includes the rights to produced refined palm oil, has enabled the Company to obtain an additional licence to produce and sell refined palm oil. Accordingly the biodiesel licence has not been impaired.

- (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 judgments on which intangible assets are intrinsically linked (note 10). Although the biodiesel project will not now be carried out, the holding of the biodiesel licence which includes the rights to produced refined palm oil, has enabled the Company to obtain an additional licence to produce and sell refined palm oil. Accordingly the biodiesel licence has not been impaired (note 10).
- (c) **Estimated impairment of intangibles**
The Group uses net present value calculations based on expected future cash flows to measure the value in use 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 judgment on which assets will have a continuing benefit to the business. In addition judgments 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 to re-engineer the biodiesel project into a refinery project, the Group has had to review all assets and make judgments that no impairment is required currently, other than that made in respect of property, plant and equipment assets. This mainly relates to land which is included at 1.184 million (2008: £1.462 million) (see note 9).

3 Subsidiaries

The Group has one principal subsidiary:

Zurex Corporation Sdn. Bhd. ("Zurex") is incorporated in Malaysia and is 100% owned. It is building a palm oil refinery.

4 Segment information

At 31 December 2009, the Group has one operating segment, which is the planning and construction of palm oil refining plant and related activities (termed 'operational' below). Reconciling items between 'operational' and the Group's reported results relate to head office and related administrative costs:

	2009	2008
	£000	£000
Operating loss		
Operational	(395)	(193)
Head Office	(334)	(520)
	<u>(729)</u>	<u>(713)</u>
Loss before Income Tax		
Operational	(392)	(191)
Head Office	(261)	(94)
	<u>(653)</u>	<u>(285)</u>
Loss for the year		
Operational	(392)	(191)
Head Office	(261)	(94)
	<u>(653)</u>	<u>(285)</u>

The segment assets and liabilities at 31 December 2009 and capital expenditure for the year then ended are as follows:

	2009	2008
	£000	Restated £000
Assets		
Operational	31,102	32,103
Head Office	653	7,582
	<u>31,755</u>	<u>39,685</u>
Liabilities		
Operational	1,132	6,105
Head Office	142	168
	<u>1,274</u>	<u>6,273</u>
Capital expenditure (note 9)		
Operational	3,081	105
Head Office	-	-
	<u>3,081</u>	<u>105</u>

Segment assets consist primarily of land, plant and equipment, intangible assets (net of related deferred tax), receivables and operating cash. They exclude inter-company assets.

Segment liabilities comprise operating liabilities and borrowings of operational subsidiaries. They exclude items such as taxation and inter-company liabilities.

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

Geographical analysis

The home country of the Company is England.

	2009	2008
	£000	£000
Assets		
Malaysia (operational)	31,102	32,103
England	653	7,582
	31,755	39,685
Liabilities		
Malaysia (operational)	1,132	6,105
England	142	168
	1,274	6,273
Capital expenditure (note 9)		
Malaysia (operational)	3,081	105
England	-	-
	3,081	105

5 Expenses by nature

	2009	2008
	£000	£000
Depreciation	12	11
Employee benefit expense (note 6)	372	326
Auditors' remuneration		
• fees payable to the Company's auditors for the audit of the Company's annual accounts	19	20
• fees payable to an associate of the Company's auditor for the audit of the Company's subsidiary: pursuant to legislation	2	1
• Tax services	2	7
• Other services	3	3
Share based payment charge/(credit)	(17)	26
Exchange rate differences	(3)	(100)

All of the above are classified as administrative expenses.

6 Directors and employees

The employee benefit expense during the year was as follows:

	2009	2008
	£000	£000
Wages and salaries	364	299
Social security costs	25	19
Share based payments	(17)	8
	372	326

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

	2009	2008
	Number	Number
Administration	8	7

Remuneration in respect of Directors was as follows:

	2009	2008
	£000	£000
Wages and salaries	283	272
Termination payments	-	-
	<hr/> 283	<hr/> 272

Highest paid Director	2009	2008
	£000	£000
Wages and salaries	103	99
Termination payments	-	-
Share based payments	-	-
	<hr/> 103	<hr/> 99

The Board considers key management to currently comprise the three Executive Directors and Henry Yong. Compensation for key management was:

	2009	2008
	£000	£000
Wages & salaries	302	272
Social security costs	22	18
Share based payments	(17)	8
	<hr/> 307	<hr/> 298

7 Income tax expense

There is no tax charge due to the losses arising in the year and the impact of losses brought forward (2008: £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:

	2009	2008
	£000	£000
Loss before tax	(653)	(285)
Tax calculated at the standard rate of corporation tax in the UK: (28.0%) (2008:28.5%)	(183)	(81)
Benefit of tax losses brought forward from previous periods/carried forward to future periods for which no deferred tax asset has been recognised	(18)	(52)
Expenses not deductible	201	133
Tax charge	-	-

Factors Affecting Future Tax Charges

The standard rate of UK corporation tax charge reduced from 30% to 28% from 1 April 2008. The effective rate for 2009 was 28.0% (2008: 28.5%).

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 year.

	2009	2008
Loss attributable to equity holders of the Company	£653,000	£285,000
Weighted average number of ordinary shares in issue	151,060,000	151,060,000
Basic and diluted loss per share in pence	(0.43)p	(0.19)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	Leasehold additions	Motor Vehicles	Office and Computer equipment	Assets in the course of Construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
As at 1 January 2008	1,186	30	14	8	3,284	4,522
Foreign exchange adjustment	377	10	5	2	1,045	1,439
Additions	3	-	-	8	94	105
As at 31 December 2008	1,566	40	19	18	4,423	6,066
Foreign exchange adjustment	(137)	(3)	(2)	(2)	(388)	(532)
Additions	16	-	-	2	3,229	3,247
Rebates	(166)	-	-	-	-	(166)
Closing cost at 31 December 2009	1,279	37	17	18	7,264	8,615
Depreciation						
As at 1 January 2008	79	3	3	1	2,498	2,584
Foreign exchange adjustment	25	1	1	-	795	822
Charge for year	-	4	3	4	-	11
Closing depreciation at 31 December 2008	104	8	7	5	3,293	3,417
Foreign exchange adjustment	(9)	(1)	(1)	-	(289)	(300)
Impairment	-	-	-	-	-	-
Charge for year	-	4	4	4	-	12
Closing depreciation at 31 December 2009	95	11	10	9	3,004	3,129
Net book value as at 31 December 2009	1,184	26	7	9	4,260	5,486
Net book value as at 31 December 2008	1,462	32	12	13	1,130	2,649

The outcome of the arbitration proceedings in respect of the contract with JJ Lurgi could potentially impact on the carrying value of assets in the course of construction (see note 19).

10 Intangible assets

	Goodwill on consolidation	Group of intangibles	Deferred tax (note 11)	Total
	£000	£000	£000	£000
Fair value of acquisition	1,428	15,500	-	16,928
Deferred taxation	4,650	-	(4,650)	-
Restated deferred tax at Malaysian tax rate of 26%	(620)	-	620	-
Translation gain	2,126	6,039	(1,570)	6,595
As at 31 December 2008	7,584	21,539	(5,600)	23,523
Restated deferred tax at Malaysian tax rate of 25%	(215)	-	215	-
Translation gain	(647)	(1,892)	473	(2,066)
As at 31 December 2009	6,722	19,647	(4,912)	21,457

The carrying amount of goodwill is all allocated to the operational cash generating unit and is consistent with the treatment in previous years.

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 linked refinery licence subsequently obtained. The group of assets could not be separated as they were considered to be all intrinsically linked. An indefinite life has been assumed as the licences have no termination date and the Group will have full rights to the land. The production of palm oil is also such an important commodity in Malaysia that its production and demand is expected to continue indefinitely.

Zurex was established to build a 200,000 metric tonnes per annum palm oil biodiesel plant on the land at Lahad Datu, Sabah, Malaysia. The Directors announced in November 2008 that they are proposing to re-engineer the works done to date to allow a palm oil refinery plant to be built instead. 14 acres of land have now been acquired and permission obtained for an additional licence to permit palm oil refining. The intangible assets have been reviewed based on the assumption that the refinery plant will be built and that construction will be completed by 30 September 2010.

The projected cash flows over the next 10 years, discounted at a pre-tax rate of 12%, will be higher than the carrying values detailed above. The projections to support the carrying value are based on the following assumptions:-

- Margin of refined palm oil over crude palm oil - RM180 per metric tonne.
- The plant is expected to produce 200,000 metric tonnes per annum.
- Income and costs rise at 5% per annum.
- 10 years has been used to more fairly reflect the long term nature of the plant.
- Terminal values have been used in calculating the discounted value of the cash flows.
- Pre-tax discount rate of 12% has been applied.
- Long term growth rate of 3% is assumed.
- Exchange rate of £1 = RM5 is used.

Based on the above assumptions no provision for impairment is 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. Although the biodiesel plant will not be built an additional licence has been obtained to also allow palm oil refining, which will utilize the same knowledge. Accordingly, no impairment is currently considered necessary.

11 Deferred income tax

The movement on the deferred income tax account reflects the restatement of the liability at the Malaysian tax rate of 25% and the translation gains arising on conversion from Malaysian Ringgit to Sterling and these movements are included in the translation reserve:

	<u>£000</u>
As at 1 January 2008	4,248
Retranslation gain	1,352
As at 31 December 2008	5,600
Restated at Malaysian tax rate of 25%	(215)
Retranslation loss	(473)
As at 31 December 2009	4,912

The deferred tax liability arose on the acquisition of Zurex in 2006 (see Note 10).

The Group has unutilised tax losses of £160,000 (2008: £213,000) for which no tax asset has been provided.

The movement in un-provided deferred tax assets is as follows:

	2009 £000	2008 £000
As at 1 January	60	155
Impact of rate reduction	-	(10)
Adjustment in respect of prior years	3	(34)
(Losses in prior year utilised)	(18)	(51)
Carried forward at 31 December	45	60

The deferred income tax asset is recoverable as follows:

	2009 £000	2008 £000
Deferred tax asset to be recovered after more than 12 months	45	60
Un-provided tax asset	45	60

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

12 Trade and other receivables

	2009 £000	2008 £000
Other	57	101

The amounts of other receivables are carried on an amortised cost basis.

Credit risk

As the Company is currently not trading it has limited exposure to credit risk in respect of receivables.

Other receivables mainly relate to prepayments and deposits and no provisions or impairment have been made against such items.

13 Cash and cash equivalents

	2009 £000	2008 £000
Cash at bank and in hand	95	154
Short-term bank deposits	1,023	7,658
Security Deposit*	3,637	-
	4,755	7,812

*The security deposit is in respect of the loan facility with Bank Kerjasama Rakyat Malaysia Bhd. and the monies are therefore not immediately available to the Group (see Note 17).

Short term deposits are monies held on money market or fixed term deposits made with recognised banks. The security deposit is to support the bank lending.

Credit risk

The Group recognises the impact of credit risk and has diversified its cash holdings over 4 banks.

Interest rate and liquidity risk

The effective interest rate on short-term bank deposits was 1.6% (2008:5.3%). These deposits have an average maturity of 49 days (2008: 34 days).

14 Share capital

	2009 Number	2009 £000	2008 Number	2008 £000
Authorised				
Ordinary shares of 1p each	250,000,000	2,500	250,000,000	2,500
Issued				
At 1 January	151,060,000	1,510	151,060,000	1,510
Issue of shares	-	-	-	-
At 31 December	151,060,000	1,510	151,060,000	1,510

All issued shares are fully paid.

15 Description and purpose of reserves

The reserves included in the Consolidated Statement of Changes in Equity are as follows:

Share capital	represents the nominal value of the shares issued
Share premium account	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

Management of capital

The Group considers capital to be its equity reserves. At the current stage of the Group's life cycle, the Group's objective in managing its capital is to ensure that funds raised meet the refinery plant build and operational expenditure requirements. The Group reviews the refinery plant build to ensure that it is progressing in line with expectations, that costs are in line with budgets and places unused funds on deposit to conserve resources and increase returns on surplus cash held.

16 Current liabilities

	2009 £000	2008 £000
Trade payables	956	667
Social security and other taxes	-	6
	956	673

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

The trade creditor days of the Group for the year ended 31 December 2009 were 42 days (2008: 52 days)

17 Bank borrowing

	2009 £000	2008 £000
Bank borrowings	318	-

The bank borrowings arise under a facility with Bank Kerjasama Rakyat Malaysia Bhd., a licensed bank in Malaysia, for the aggregate sum of up to RM47 million (approximately £9.4 million £1=RM5) consisting of two tranches, of which RM28.8 million is for capital expenditure and RM18.2 million for working capital. The borrowings have been made under Islamic banking principles and include an asset sale agreement and an asset purchase agreement. Zurex has placed RM20m on deposit with Bank Kerjasama Rakyat Malaysia Bhd as security for the lending of monies. A legal charge and debenture have been given to the Bank together with a corporate guarantee from the Company. The effective rate of interest is set at 1.5% over the Bank's funding rate subject to a cap at 9.95%. The first drawing under the facility was made in late December 2009 and no interest has been provided in these accounts.

18 Cash generated from operations

	2009	2008
	£000	£000
Operating loss	(729)	(713)
Adjustments for:		
- depreciation	12	11
- share based payments (note 20)	(17)	26
Changes in working capital (excluding the effects of acquisition):		
- trade and other receivables	44	(33)
- trade and other payables	328	(125)
Cash generated from operations	(362)	(834)

19 Contingencies

In June 2009, the Company issued a Notice of Arbitration to JJ-Lurgi Engineering Sdn. Bhd. ("JJ Lurgi"). This relates to the dispute between the Company and JJ-Lurgi in connection with the contract between them dated 26 January 2007 for the supply of components for the construction of a 200,000 tonnes per annum palm oil biodiesel plant. The original contract was for RM38.4 million (£7.7 million at £1=RM5) of which RM11.5 million (£2.3 million at £1=RM5) had been paid. The Company supported by legal advice, has taken the view that the contract had been terminated. Zurex is claiming RM9.89 million (£1.98 million £1=RM5) against JJ-Lurgi and JJ-Lurgi has a counter claim of RM2.87 million (£0.57 million £1=RM5) against Zurex under the arbitration proceedings.

The ultimate outcome of the arbitration between the Company and JJ Lurgi cannot be determined presently for inclusion within these accounts, but the Directors are of the opinion that the Company will be able to support its case successfully and, accordingly, no contingent liability nor any contingent asset has been recognised (2008 - nil).

20 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. There was a credit of £17,000 (2008 charge £27,000) to the income statement in respect of share based payments.

Scheme	Date of original grant	Option price	Vesting conditions	Life of option	Bfwd at 1/1/2009	Exercised	Lapsed	Carried forward
LTIP (employee)	27/10/06	1p	Share Price	3 years	120,000	-	(120,000)	-
Warrant	27/10/06	25p	None	1 month	1,107,975	-	-	1,107,975
Option	29/08/08	4.875p	None	4 Years	1,510,600	-	-	1,510,600
Totals					2,738,575		(120,000)	2,618,575

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 long term incentive plans (LTIP). 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%

The calculation of the fair value of the options granted in 2008 is based on a volatility of 55% and a risk free interest rate of 4.53%.

On 5 February 2010 the following option were granted to Directors and key management.

Director/key management	Options granted	Option price
David Yeoh	1,684,425*	4.046p
Joe Wong	1,684,425*	4.046p
Julie Pomeroy	1,454,220*	4.046p
Henry Yong	1,203,161*	4.046p
Patrick Howes	350,000	4.046p
David Long	350,000	4.046p

**With performance conditions*

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

	2009 Number	2009 WAEP (pence)	2008 Number	2008 WAEP (pence) Restated
At 1 January	2,738,575	12.85	1,227,975	22.65
Granted during the year	-	-	1,510,600	4.875
Exercised during the year	-	-	-	-
Lapsed	(120,000)	1.00	-	-
At 31 December	2,618,575	13.39	2,738,575	12.85

21 Financial Instruments

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 programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. 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.

The carrying amounts of the Group's financial assets and liabilities as at 31 December 2009 may also be categorised as follows:

	Group 2009 £000	2008 £000
Non current investments		
Investments	-	-
Current assets		
Trade and other receivables	57	101
Cash and cash equivalents	4,755	7,812
Loans and receivables carried at amortised cost	4,812	7,913
Current liabilities		
Trade and other payables	955	673
Non current liabilities		
Term Loan	318	-
Other financial liabilities carried at amortised cost	1,273	673

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

(a) Credit risk

The Group's current main credit risks relates to monies held on deposit with various banking institutions. Monies held on deposit are spread over 4 main financial institutions to reduce the 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. The Group's deposits are at a fixed rate for the duration of the deposit which range from 1 week to 3 months. No long term interest rate hedging contracts have been entered into. The Group does not consider the risk to be significant in view of the nature of the Group's current activities. If interest rates had changed by 0.5% during the year, the impact on the Group's profit and loss would have been £24,000 (2008: £41,000).

(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 Ringgit/Sterling exchange rate. The Group does not currently have an active policy to hedge its foreign currency risks as it is looking to finance the overseas operations in local currency hence reducing exchange risks (2008: nil).

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

	2009	2008
	£000	£000
The following amounts have been translated from Malaysian Ringgit:		
Trade and other receivables	22	5
Cash and cash equivalents	4,136	325
Trade and other payables	(813)	(505)
Bank Financing	(318)	-
Net exposure	3,027	(175)

For the year ended 31 December 2009, if the Malaysian Ringgit had weakened by 0.5 Malaysian Ringgit against Sterling with all other variables held constant, the post tax loss for the year would have been £33,000 (2008: £14,000) lower mainly as a result of foreign exchange gains/losses on translation of Malaysian Ringgit-denominated transactions.

Equity would have been £2,498,000 (2008: £2,356,000 (restated)) lower, arising mainly from foreign exchange losses/gains on translation of Malaysian Ringgit-denominated assets and liabilities.

22 Capital Commitments

	2009	2008
	£000	£000
Contracted but not provided for:-		
Property, plant and equipment for the refinery plant*	4,040	-

*Translated at £1 = RM5

23 Related party transactions

Henry Yong is a director of both WS Bio and Zurex (although he is not a director of the Company), and accordingly the contracts entered into with WS Bio in February 2009 and December 2009 represent related party transactions. The following transactions were carried out with related parties.

	2009	2008
	£000	£000
Assets in the course of construction by WS Bio *	2,746	-

*Translated at year end rate