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PART VII

FINANCIAL INFORMATION AND ACCOUNTANTS' REPORT ON EQUATORIAL PALM OIL PLC

SECTION (i) - ACCOUNTANTS' REPORT ON EQUATORIAL PALM OIL PLC

The following is the full text of a report on Equatorial Palm Oil Plc from Chapman Davis LLP, the Reporting Accountants, to the Directors of Equatorial Palm Oil Plc, Shore Capital & Corporate Limited, Shore Capital Stockbrokers Limited and Mirabaud Securities LLP

Equatorial Palm Oil Plc
94 Jermyn Street
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Shore Capital & Corporate Limited and Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
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Mirabaud Securities LLP
21 St James's Square
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23 February 2010

Dear Sirs,

EQUATORIAL PALM OIL PLC ("EPO" OR THE "COMPANY") AND ITS SUBSIDIARIES (TOGETHER THE "GROUP")

Introduction
We report on the financial information set out in Part VII Section (ii) which has been prepared for inclusion in the Admission Document dated 23 February 2010 of the Company (the "Admission Document") on the basis of the accounting policies set out in the financial information. This report is required by Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with the AIM Rules for Companies and for no other purpose.

Responsibility

As described in Part VII Section (ii) of the Admission Document, the Directors of the Company are responsible for the preparation of the financial information on the basis set out in Note 1 of the financial information and in accordance with applicable International Financial Reporting Standards as adopted by the EU.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

The financial information has been based on the audited financial statements of the Group for the periods ending 31 December 2006, 2007 and 2008, to which no adjustments were considered necessary, and the financial records of the Group for the period ending 30 September 2009.

Basis of opinion
We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion
In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its results for the periods then ended in accordance with the basis of preparation set out in Note 1 to the financial information and has been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU as described in Part VII Section (ii).

Declaration
For the purposes of Schedule Two to the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two to the AIM Rules for Companies.

Yours faithfully,

Chapman Davis LLP
Chartered Accountants

SECTION (ii) – FINANCIAL INFORMATION ON EQUATORIAL PALM OIL PLC

Responsibility
The Directors of the Company are responsible for the preparation of the financial information, which has been subject to audit, on the basis of preparation set out in Note 1 to the financial information and in accordance with applicable International Financial Reporting Standards as adopted by the EU.

GROUP INCOME STATEMENTS
For the periods

	Note	Period from 6 September 2005 to 31 December 2006	Year to 31 December 2007	Year to 31 December 2008	Nine months to 30 September 2009
		£'000	£'000	£'000	£'000
Administrative expenses		(300)	(458)	(1,395)	(632)
Operating loss	3	(300)	(458)	(1,395)	(632)
Interest received	4	117	84	12	-
Interest payable	4	-	-	(27)	(116)
Loss on ordinary activities before taxation		(183)	(374)	(1,410)	(748)
Taxation on loss on ordinary activities	5	-	-	-	-
Loss for the financial period		(183)	(374)	(1,410)	(748)
Loss per share expressed in pence per share					
- Basic & diluted (2006 and 2007 re-stated for share consolidation)	9	(1.2)p	(1.8)p	(4.6)p	(2.3)p

All of the operations are considered to be continuing.

GROUP BALANCE SHEETS
As at

	Note	31 December 2006	31 December 2007	31 December 2008	30 September 2009
		£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Intangible assets	11	310	2,388	6,663	7,123
Plant and equipment	14	112	103	75	39
		422	2,491	6,738	7,162
Current assets					
Other receivables	15	440	81	14	21
Cash & cash equivalents	19	2,188	1,142	18	17
		2,628	1,223	32	38
LIABILITIES					
Current liabilities					
Trade and Other payables	16	144	284	1,091	1,782
Short term borrowings	17	-	-	774	1,406
		144	284	1,865	3,188
Net current assets/(liabilities)		2,484	939	(1,833)	(3,150)
NET ASSETS		2,906	3,430	4,905	4,012
SHAREHOLDERS' EQUITY					
Share Capital	18	206	206	320	320
Share premium		2,863	2,863	6,175	6,175
Equity reserve	18	-	900	-	-
Other reserves		20	18	377	232
Retained loss		(183)	(557)	(1,967)	(2,715)
Total equity		2,906	3,430	4,905	4,012

CASH FLOW STATEMENTS
For the periods

	Period from 6 September 2005 to 31 December 2006	Year to 31 December 2007	Year to 31 December 2008	9 months to 30 September 2009
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Operating Loss	(300)	(458)	(1,395)	(632)
Decrease/(Increase) in trade and other receivables	(371)	(48)	67	(7)
Increase in trade and other payables	50	140	807	615
Depreciation	2	39	48	34
Net cash inflow/(outflow) from operating activities	(619)	(327)	(473)	10
Cash flows from investing activities				
Interest Received	113	84	12	-
Payments to acquire intangible assets	(304)	(773)	(1,405)	(527)
Payments to acquire tangible assets	(92)	(30)	(5)	-
Net cash outflow from investing activities	(283)	(719)	(1,398)	(527)
Cash flows from financing activities				
Short term borrowings	-	-	748	541
Issue of ordinary share capital	3,330	-	-	-
Share issue costs	(240)	-	-	-
Interest paid	-	-	(1)	(25)
Net cash inflow from financing activities	3,090	-	747	516
Net increase/(decrease) in cash and cash equivalents	2,188	(1,046)	(1,124)	(1)
Cash and cash equivalents at beginning of period	-	2,188	1,142	18
Cash and cash equivalents at end of period	2,188	1,142	18	17

Statement of Changes in Equity

	Called up share capital	Share premium reserve	Equity reserve	Foreign currency translation reserve	Share based payment reserve	Retained loss	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 6 September 2005	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share capital issued	206	3,124					**3,330**
Cost of share issue		(261)					**(261)**
Loss for the year						(183)	**(183)**
Share based payments (note 18)					21		**21**
Currency translation differences				(1)			**(1)**
As at 31 December 2006	**206**	**2,863**		**(1)**	**21**	**(183)**	**2,906**
As at 1 January 2007	**206**	**2,863**	**-**	**(1)**	**21**	**(183)**	**2,906**
Share capital issued (Note 17)	-	-	900	-	-	-	**900**
Cost of share issue	-	-	-	-	-	-	**-**
Profit /(loss) for the year	-	-	-	-	-	(374)	**(374)**
Share based payments	-	-	-	-	-	-	**-**
Currency translation differences	-	-	-	(2)	-	-	**(2)**
As at 31 December 2007	**206**	**2,863**	**900**	**(3)**	**21**	**(557)**	**3,430**
As at 1 January 2008	206	2,863	900	(3)	21	(557)	**3,430**
Share capital issued	114	3,312	(900)				**2,526**
Cost of share issue							**-**
Loss for the year						(1,410)	**(1,410)**
Share based payments							**-**
Currency translation differences				359			**359**
As at 31 December 2008	**320**	**6,175**	**-**	**356**	**21**	**(1,967)**	**4,905**
As at 1 January 2009	**320**	**6,175**	**-**	**356**	**21**	**(1,967)**	**4,905**
Share capital issued (Note 17)	-	-	-	-	-	-	**-**
Loss for the period		-	-	-		(748)	**(748)**
Share based payments	-	-	-	-	-	-	**-**
Currency translation differences	-	-	-	(145)	-	-	**(145)**
As at 30 September 2009	**320**	**6,175**	**-**	**211**	**21**	**(2,715)**	**4,012**

NOTES TO THE FINANCIAL INFORMATION

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Basis of accounting

The financial information has been prepared under the historical cost convention in accordance with International Financial Reporting Standards as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of consolidation

The financial information comprises the accounts of Equatorial Palm Oil Plc and its subsidiaries (the 'Group'). The accounts of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Revenue

The Group had no revenue during the periods.

Foreign currencies

The financial information is stated in thousands of Sterling (£), which is the reporting currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance sheet date and their income statements are translated at the average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. All other differences are taken to the income statement.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Intangible assets

Intangible assets are recognised if it is probable that they will provide a future economic benefit to the Group and are recorded at cost less eventual amortisation and provision for impairment in value.

The costs in respect of project evaluation and the development of the cultivation of oil palms are capitalised at cost. The developments are not yet at a stage where accounting for biological assets, under IAS41, is deemed necessary.

Goodwill on consolidation is capitalised and shown within intangible assets. Positive goodwill is subject to an annual impairment review, and negative goodwill is immediately written-off to the income statement when it arises.

Impairment of non-financial assets

Non-financial assets and identifiable intangibles, other than exploration and evaluation assets, are reviewed for impairment each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected undiscounted future cash flow from the use of the assets and their eventual disposition is less than the carrying amount of the assets, an impairment loss is recognised and measured using the asset's fair value or discounted cash flows.

Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

Plant and Equipment	25% - 33%
Vehicles	20%

All assets are subject to annual impairment reviews.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payments.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received, except where it is in respect to costs associated with the issue of securities, in which case it is charged to the share premium account.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is determined using a Black-Scholes model.

Financial Instruments

The Group's financial assets consist of cash and trade and other receivables.

Cash consists of cash on hand and cash held on current account or on short-term deposits at variable interest rates. Any interest earned is accrued monthly and classified as interest.

Trade and other receivables are stated at cost less impairment losses.

The Group's financial liabilities consist of trade and other payables and short term borrowings, which are stated at their cost. All interest and other borrowing costs incurred in connection with the above are expensed as incurred and reported as part of net financing costs in the income statement.

Going concern

The financial information has been prepared on a going concern basis.

2. Revenue and Segmental Analysis

The Group had no revenue during the period.

The Group operates in the business segment of the evaluation and development of the cultivation of oil palms.

The Group has material interests in two geographical segments, the United Kingdom and Liberia.

By geographical area	**United Kingdom £'000**	**Liberia £'000**	**Total £'000**
2009			
Loss for the period ended 30 September 2009	(721)	(27)	(748)
Other segment information:			
Segment assets	69	7,131	7,200
2008			
Loss for the period ended 31 December 2008	(1,367)	(43)	(1,410)
Other segment information:			
Segment assets	76	6,694	6,770
2007			
Loss for the period ended 31 December 2007	(359)	(15)	(374)
Other segment information:			
Segment assets	1,280	2,434	3,714
2006			
Loss for the period ended 31 December 2006	(183)	-	(183)
Other segment information:			
Segment assets	2,353	697	3,050

3. Operating Loss

The operating loss is stated after charging:

		2006 £'000	**2007 £'000**	**2008 £'000**	**2009 £'000**
Auditors' remuneration	– audit services	7	8	10	5
	– other services	3	3	30	-
Depreciation (note 14)		2	39	48	34
Directors' emoluments (note 6)		44	36	326	494

Auditors' remuneration for non-audit services provided relates to the provision of review services and Reporting Accountant services.

4. Interest

Received	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Bank interest received	113	84	12	-
Other interest receivable	4	-	-	-
Total Received	117	84	12	-
Payable on short term borrowings	-	-	(27)	(116)

5. Taxation

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Current year taxation				
UK corporation tax at 28% to 30% on results for the period	-	-	-	-
Factors affecting the tax charge for the period				
Loss on ordinary activities before tax	(183)	(374)	(1,410)	(748)
Loss on ordinary activities at the UK standard rate	(55)	(111)	(402)	(209)
Effects:				
Future tax benefit not brought to account	55	111	402	209
Current period taxation	-	-	-	-

No deferred tax assets have been created.

6. Directors' Emoluments

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Michael Frayne[1]	18	12	72	27
Ross Warner	13	12	36	6
Anthony Samaha	13	12	36	18
Geoff Brown[2]	-	-	86	180
Peter Bayliss	-	-	76	120
Joseph Jaoudi[2]	-	-	20	143
Total	44	36	326	494

1) Services provided by Adelise Services Ltd
2) Includes fees for consultancy services provided on per diem basis as per Directors service contracts.
3) Ross Warner resigned as a Director in March 2009.

No pension benefits are provided for any Director.

7. Compension of Key Management Personnel (excluding Directors)

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Salaries	115	190	176	102
Social Security costs	11	11	3	3
Total	126	121	179	105

8. Staff Costs (including Directors)

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Directors' fees	44	36	326	494
Salaries & Wages	167	266	520	268
Social Security	6	21	32	4
Total Staff costs	217	323	878	766
Capitalised to Intangible Assets	(80)	(178)	(512)	(348)
Total Staff costs expensed	137	145	366	418

The average number of employees for the Group was:-

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Administration	5	8	9	20
Field and Operational Support	1	10	151	152
Total	6	18	160	172

9. Loss Per Share

The basic loss per share is derived by dividing the loss for the period attributable to ordinary shareholders by the weighted average number of shares in issue.

As inclusion of the potential Ordinary shares would result in a decrease in the loss per share they are considered to be anti-dilutive, as such, a diluted earnings per share is not included.

The disclosures for 2006 and 2007 have been adjusted to reflect the 1 for 10 share consolidation effected in April 2008.

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Loss for the period	(183)	(374)	(1,410)	(748)
Weighted average number of Ordinary shares of 1p in issue	7.2 million	20.6 million	30.7 million	32.0 million
Loss per share – basic & diluted	(1.2)p	(1.8)p	(4.6)p	(2.3)p

10. Financial Instruments

The Group's financial instruments comprise cash and items arising directly from its operation such as trade receivables and trade payables, finance leases, and provisions.

The Group seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits.

The Group had cash balances made up as follows:

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
British pounds	2,184	1,137	17	17
US dollars	4	5	1	-

There is no material difference between the book value and fair value of the Group's cash.

The Group has four overseas subsidiaries which operated in Liberia and whose expenditure is primarily denominated in US dollars. Foreign exchange risk is inherent in the Group's activities and is accepted as such.

The majority of parent Company expenses are denominated in British pounds.

Management review the Group's exposure to currency risk, interest rate risk, liquidity risk and credit risk on a regular basis and consider that through this review they manage the exposure of the Group.

The Group manages the interest rate risk associated with the Group cash assets by ensuring that interest rates are as favourable as possible, whether this is through investment in floating or fixed interest rate deposits, whilst managing the access the Group requires to the funds for working capital purposes.

11. Intangible Assets

Oil Palm Development	**£'000**
Opening cost as at 6 September 2005	-
Additions	310
Opening cost as at 1 January 2007	310
Reallocation	(310)
Acquired through business combination (refer Note 12)	2,147
Costs of acquisition	241
Amortisation	-
Net book value as at 31 December 2007	**2,388**
At 1 January 2008	2,388
Acquired through business combinations in February 2008	3,134
Currency translation adjustment	344
Development expenditure	797
Amortisation/Impairment	-
Net book value as at 31 December 2008	**6,663**
At 1 January 2009	6,663
Currency translation adjustments	(143)
Development expenditure	603
Amortisation/Impairment	-
Net book value as at 30 September 2009	**7,123**

The Directors undertook impairment reviews as at the period ends and as a result of these reviews no provision was required.

12. Business Combinations

2007

As at 31 December 2007, the Company, through EBF (Mauritius) Limited ("EBFM") had agreed to acquire 100% of the share capital of Liberia Forest Products Incorporated ("LFPI") for cash consideration of £405,000 and share consideration of 30 million "old" ordinary shares in the Company payable upon completion ("Consideration").

The assessed fair value of the ordinary shares issued by the Company in respect of the acquisition of LFPI in January 2008 is 3p per share, equating to a consideration of £900,000.

The total assessed value of the Consideration is £1,305,000.

The fair value of the assets and liabilities of LFPI on acquisition were assessed as:

	Book Value LFPI £'000	Fair Value Adjustment £'000	Adjusted LFPI £'000
Intangible Asset – Oil Palm Development	842	1,305	2,147
Loans	(842)	-	(842)
Net Assets	-	1,305	1,305
Consideration	1,305	-	1,305

The acquisition of LFPI included a number of building structures and items of plant and equipment which are located on the land subject to the concession licence. These assets are considered to be in a dilapidated state of repair and accordingly, the directors' consider it to be prudent to allocate no material value to these assets.

In addition, the land subject to the concession licence contains approximately 4,600 hectares of existing palm plantations which have not been maintained for a considerable period of time. The directors have engaged agricultural experts to assess the possibility of regenerating the plantations and whilst the directors' are optimistic that the plantations can be regenerated, they consider it prudent to attribute nil value to the existing plantations.

2008

On 21 February 2008 the Group acquired 100% of the share capital of LIBINC Oil Palm Inc. for cash consideration of US$200,000 and the issue of 84.2 million fully paid 'old' ordinary shares in the Company with an assessed fair value of 3p per share. A further US$700,000 is payable to the vendors upon the Company completing its re-admission to AIM. LIBINC Oil Palm Inc. was incorporated in Liberia on 4 October 2007 and at the date of acquisition was a non-trading entity of US$100 capital and the holder of a fifty year agreement with the Government of Liberia to rehabilitate and develop the Palm Bay Oil Palm plantation in Grand Bassa County, Liberia. The fair value adjustment of this acquisition amounted to £3,134,000.

13. *Subsidiaries of Equatorial Palm Oil Plc*

Company	Country of Registration	Holding	Nature of business
Direct			
Equatorial Biofuels (Guernsey) Limited	Guernsey	100%	Holding Company
Indirect			
EBF (Mauritius) Limited	Mauritius	100%	Holding Company
Equatorial Biofuels Liberia	Liberia	100%	Operating company in Liberia
Liberia Forest Products Incorporated	Liberia	100%	Operating company in Liberia
Liberian Agriculture Development Corporation	Liberia	100%	Non-operating company in Liberia
LIBINC Oil Palm Inc.	Liberia	100%	Operating company in Liberia

The Company also directly holds 100% of the following UK incorporated dormant Companies:-

Equatorial Biofuels Ltd
Equatorial Biofuels (UK) Ltd

14. Property, Plant and Equipment

Plant and Equipment

	£'000
Cost	
Opening cost at 6 September 2005	-
Additions	114
Opening cost at 1 January 2007	114
Additions	30
Closing cost at 31 December 2007	**144**
At 1 January 2008	144
Additions	5
Currency translation adjustment	15
Closing cost at 31 December 2008	**164**
At 1 January 2009	164
Additions	-
Currency translation adjustment	(2)
Closing cost at 30 September 2009	**162**
Depreciation	
Opening balance at 6 September 2005	-
Charge for the period	(2)
Opening balance at 1 January 2007	(2)
Charge for the period	(39)
Closing balance at 31 December 2007	**(41)**
At 1 January 2008	(41)
Charge for year to 31 December 2008	(48)
Closing balance at 31 December 2008	**(89)**
At 1 January 2009	(89)
Charge for 9 months to 30 September 2009	(34)
Closing balance at 30 September 2009	**(123)**
Net book value	
31 December 2006	**112**
At 31 December 2007	**103**
At 31 December 2008	**75**
At 30 September 2009	**39**

15. Other Receivables

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Other receivables (i)	438	76	8	18
Prepayments	2	5	6	3
	440	81	14	21

(i) Other receivables are non-interest bearing and generally repayable between 30 and 60 days.

16. Trade and Other Payables

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Accruals	86	268	568	627
Trade payables	58	16	399	528
Other payables	-	-	124	627
	144	284	1,091	1,782

The Accruals balance at 31 December 2008 and 30 September 2009 includes an amount of US$700,000 payable in respect of the acquisition of LIBINC Oil Palm Inc. and the Company completing its re-admission to AIM.

The Accruals balance at 31 December 2007 includes an amount of £250,000 payable in respect of cash consideration for the acquisition of LFPI.

17. Short terms borrowings

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
US$ 350,000 refundable deposit from Agriterra	-	-	-	224
AUD 200,000 Convertible loan note	-	-	96	131
Accrual Interest thereon	-	-	3	11
Loans from Adelise Services Ltd	-	-	652	934
Interest thereon	-	-	23	106
Total	-	-	774	1,406

The AUD200,000 convertible loan note was repayable on 30 June 2009 with a 20% coupon at repayment.

The loans due to Adelise Services Ltd, a Company controlled by Michael Frayne, comprising of principal of £657,000 incur interest charged at 2% above LIBOR.

The financing obtained from Adelise Services Ltd by way of unsecured 6 month promissory notes and converted to convertible loan notes are as follows:

On 27 March 2009, the Company received AUD100,000 provided by way of an unsecured 6 month promissory note to Adelise Services Limited with a repayment of AUD125,000 due on 26 September 2009. This is now due and payable and accrues at a rate of 35% per annum until repaid.

On 16 April 2009, the Company received AUD300,000 provided by way of an unsecured 6 month promissory note to Adelise Services Limited with a repayment of AUD375,000 due on 15 October 2009. This is now due and payable and accrues at a rate of 35% per annum until repaid.

On 30 April 2009, the Company received AUD100,000 provided by way of an unsecured 6 month promissory note to Adelise Services Limited with a repayment of AUD125,000 due on 29 October 2009.

On 18 August 2009 Agriterra Limited announced it had signed a Memorandum of Understanding to acquire Equatorial Biofuels (Guernsey) Limited, a wholly owned subsidiary of the Company for USD2.5 million cash and USD12m in shares in Agriterra including a refundable deposit of USD350,000. On 22 September 2009 it was announced by Agriterra the MOU had been terminated. The USD350,000 deposit shall become repayable to Agriterra effectively no later than 120 business days after 18 August 2009 together with interest at a rate of 12% per annum accruing from that initial date.

18. Called Up Share Capital

Authorised	**2006 £'000**	**2007 £'000**	**2008 £'000**	**2009 £'000**
100,000,000 Ordinary shares of 1p each	1,000	1,000	1,000	1,000

Issued, called up and fully paid	**2006 £'000**	**2007 £'000**	**2008 £'000**	**2009 £'000**
32,020,000 ordinary shares of 1p each (206,000,000 old ordinary shares of 0.1p each)	206	206	320	320

Equity Reserve	**2006 £'000**	**2007 £'000**	**2008 £'000**	**2009 £'000**
30,000,000 old ordinary shares of 0.1p at 3p each	-	900	-	-

The Equity Reserve balance at 31 December 2007 is in respect of the share consideration for the acquisition of LFPI which was allotted and issued on 28 January 2008.

Shares allotted

On incorporation, the Company had an authorised share capital of £1,000,000 divided into 1,000,000,000 ordinary shares of £0.001 each ("Old Ordinary Shares"), of which 2 were issued, fully paid, to the subscribers to the memorandum of association of the Company.

On 24 November 2005, the number of shares issued and fully paid was increased from 2 Old Ordinary Shares to 68,500,000 Old Ordinary Shares by the issue of 68,499,998 Old Ordinary Shares at a price of £0.0015 per share.

On 7 February 2006, the number of shares issued and fully paid was increased from 68,500,000 Old Ordinary Shares to 100,000,000 Old Ordinary Shares by the issue of 31,500,000 Old Ordinary Shares at a price of £0.0015 per share.

On 8 February 2006, the number of shares issued and fully paid was increased from 100,000,000 Old Ordinary Shares to 206,000,000 Old Ordinary Shares by the issue of 106,000,000 Old Ordinary Shares at a price of £0.03 per share.

On 25 January 2008 the number of shares issued and fully paid was increased from 206,000,000 old ordinary shares of 0.1p each to 236,000,000 old ordinary shares by the issue of 30,000,000 old ordinary shares as consideration for the acquisition by the Company's subsidiary of the entire beneficial interest held in Liberia Forest Products Incorporated.

On 19 February 2008 the number of shares issued and fully paid was increased from 236,000,000 old ordinary shares of 0.1p each to 320,200,000 old ordinary shares by the issue of 84,200,000 old ordinary shares as consideration for the acquisition by the Company's subsidiary of the entire beneficial interest held in LIBINC Oil Palm Inc.

On 14 April 2008 the Company effected a 1 for 10 consolidation of the old ordinary shares into existing ordinary shares of 1p each giving an authorised share capital of 100,000,000 ordinary shares of which 32,020,000 existing ordinary shares of 1p each have been issued, fully paid.

Share Options

On 14 February 2006 3,000,000 options to subscribe for Old Ordinary Shares in the Company were granted with an exercise price of 3p and expiry date of 14 February 2011.

Further to the 1 for 10 share consolidation in April 2008 those options amended to 300,000 options with an exercise price of 30p.

No options lapsed or were cancelled and no options were exercised during the periods under review.

The fair value of the options granted to NWCF LLP during the period was £21,000. The assessed fair value at the grant date was determined using the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The key inputs applied to the Black-Scholes Model included the original AIM Admission placing price of 3.0p; risk-free interest rate of 4.13%; and expected volatility of 0.40. In assessing the fair value of the options, a discount of 40% has been applied to the theoretical value calculated by the Black-Scholes Model to take into account the lack of marketability of the options and the inherent limitations of the Black-Scholes Model.

19. Analysis of changes in net funds

	2006 **£'000**	**2007** **£'000**	**2008** **£'000**	**2009** **£'000**
Balance at beginning of period	-	2,188	1,142	18
Change during the period	2,188	(1,046)	(1,124)	(1)
Balance at the end of the period	2,188	1,142	18	17

20. Commitments

Operating lease commitments
Operating leases relate to office facilities. The Company entered into a 5 year lease with a break clause after 3 years.

	2006 **£'000**	**2007** **£'000**	**2008** **£'000**	**2009** **£'000**
Non-cancellable operating lease payments				
Not longer than one year	100	100	100	100
Longer than one year and not longer than five years	191	91	-	-
	291	191	100	100

Liberia Commitments
Under the investment agreements entered into by LFPI and LIBINCO, the Group is obliged to spend USD$14.245m during the four years from 31 December 2007. The majority of this expenditure is likely to be incurred in the later part of this four year period.

21. Related Party Transactions

Included within short term borrowings and disclosed in note 17 are Interest bearing loans due to Adelise Services Ltd, a Company controlled by Michael Frayne.

Details of related party transactions in relation to services provided by Adelise Services Ltd are disclosed in note 6.

Included within other payables are unpaid directors fees as follows:-

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Michael Frayne	-	-	57	84
Ross Warner[1]	-	-	16	22
Anthony Samaha	-	-	16	34
Joseph Jaoudi	-	-	20	163
Peter Bayliss	-	-	-	126
Geoff Brown	-	-	-	183
Total	-	-	109	612

Also included within other payables are amounts owing to directors as follows:-

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Ross Warner[1]	-	-	10	10
Anthony Samaha	-	-	3	4
Total	-	-	13	14

[1] *Ross Warner resigned as a director of the Company in March 2009.*

The Company entered into a lease agreement for the office premises at 94 Jermyn Street, London with Sanita Investments Limited on 3 November 2006, a Company in which Michael Frayne has a beneficial interest. The Company pays annual rental of £99,150 which has been set at market rates for a period of 3 years.

Irvine Energy Plc ("Irvine") made payments for serviced office facilities and administrative support to the Company, who shares a common board member with Irvine. Michael Frayne provided consulting services to Irvine which was charged through the Company. These payments were all on arms' length terms and were discontinued in 2009:-

	2006 £'000	2007 £'000	2008 £'000	2009 £'000
Serviced offices facilities and administrative support	-	48	69	18
Consulting services	24	36	36	-

There were no amounts outstanding to or from Irvine at the end of the reporting periods in respect of these services.

A wholly owned subsidiary of the Company, Equatorial Biofuels (Liberia) Inc. has been granted a residential lease by a key Company employee, David Parker, in the City of Monrovia. The monthly rent under the lease is US$ 5,750.

22. Post Balance Sheet Date Events

The Company has issued various Convertible Loan Notes in the period from 1st October 2009 to certain investors in connection with a pre-IPO fundraising undertaken by the Company. The aggregate nominal amount of convertible loan notes issued is £2,096,560 and these are convertible into new Ordinary Shares upon Admission at the Placing Price with a free attached warrant for every new Ordinary Share issued on conversion. Included within this issue is the repayment of loans from Adelise Services Ltd amounting to £740,000 and £434,460 of the unpaid directors fees of £612,000 as disclosed in Note 21.

Conditional upon Admission to AIM it has been agreed to grant options to subscribe for 8,350,000 Ordinary Shares at the placing price within five years after the date of grant to the Directors, Management and others, with a proportion of certain of these options subject to performance milestones.