GEM BioFuels PLC

Isle of Man Company Registration No. 115011C

Annual Report and Accounts 2011

Contents

Directors and Professional Advisers
for the year ended 31 December 2011

Directors	Simon Hunt Malcolm Williams
Company Secretary	Sean Dowling
Nominated Advisor and Broker	Allenby Capital Limited Claridge House 32 Davies Street London W1K 4ND
Auditors	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
UK Solicitors	Osborne Clarke One London Wall London EC2Y 5EB

Report of the Chairman

Operational update

I wish to announce the results of GEM BioFuels Plc ("GEM" or the "Company") for the year ended 31 December 2011.

As announced on 12th April 2012, based on an internal and detailed review of the Company's operations in Madagascar, it has become clear that, due mainly to a lack of sufficient financial resources for the necessary level of intervention and maintenance, its plantation activities there have resulted in significantly less success than was hoped. Further examination through external agronomic consultants confirmed that the success levels were too low to make a commercially viable business from the Company's existing plantations. Other recent third-party research on Jatropha suggests that it requires significantly more agronomic care and maintenance than originally thought as well as higher rainfall and the addition of fertilizers. The same report suggests that successful commercial scale exploitation of Jatropha is not now expected before 2020 and will require significant improvement on current techniques and breeding stock.

A major part of this exercise also involved examining other plantation crop opportunities both utilising the Company's land bank and in other areas within the country. Whilst several such opportunities appeared to have great potential it was deemed too difficult to capitalise on them without major new funding for this purpose. Over and above this, the board examined several other plantation crop projects in other countries and spent a considerable amount of time investigating these. However, it has proved too difficult to bring any such project within the Company's original plantation focus to fruition for a number of reasons.

The board has therefore concluded that better value for shareholders can be achieved through adopting a new investing policy around the natural resources and mining sector where sources of funding are more readily available.

Board changes

Following the announcement on 28 March 2012 that Paul Benetti had resigned as Chief Executive Officer, I took over as Executive Chairman and commenced a full review of the Company's plantations and operations and strategy.

Financial Review

No revenue has been generated during the year and subsequently having conducted the review of the Company's plantations, the Board has concluded that it would be prudent to take a full impairment in value of the biological assets and goodwill and have written these down to nil. This has resulted in an impairment charge to the Group Profit and Loss account of £1,907,522.

In the year ended 31 December 2011, the Group's loss on ordinary activities after taxation was £2, 294,885 (2010: £740,754), or a loss per ordinary share of 4.19p (2010: loss of 2.21p).

In December 2011 the Company completed a placement, raising £350,000 before expenses. The Group's cash balance at the end of the year was £279,614 (2010: £8,190). The outstanding Convertible Loan Notes were converted at the same time into fully-paid, new Ordinary shares in the Company, £200,000 of which were converted at 1.5p per share and the balance of £212,500 at 2.5p per share. In addition £25,000 of outstanding fees were capitalised into 1,000,000 new shares at 2.5p per share.

Outlook

The board has therefore concluded that better value for shareholders can be achieved through adopting a new investing policy around the natural resources and mining sector where sources of funding are more readily available.

The Company has ceased all its current trading activities and wound down its operations in Madagascar. The Board does not believe these will result in any returns to its shareholders.

Simon D Hunt
Executive Chairman

Date: 6 December 2012

Directors' report

The directors present their annual report on the affairs of GEM BioFuels Plc (the "Company") and of its subsidiary (together the "Group"), together with the financial statements and independent auditors' report, for the year ended 31 December 2011.

Principal activity

The Company has been formed to establish and manage plantations that produce oil based fruit. All activities involving the oil based fruit ceased post year end and the company intends to focus on the natural resources and mining sector.

Result for year

The Group's loss for the year ended 31 December 2011 was £2,294,885 (2010: £740,754). The Company made a loss for the year ended 31 December 2011 of £3,401,049 (2010: £686,650).

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2011 (2010: £nil).

Directors

The directors, who served throughout the year and to date, were as follows:

		Date of appointment	Date of Resignation
Simon Hunt	Non-Executive Chairman	15 October 2007	-
Paul Benetti	Chief Executive	20 December 2005	28 March 2012
Malcolm Williams	Non-Executive Director	15 October 2007	-

Directors' interests

The directors who held office at 31 December 2011 have the following interests in the Company's ordinary share capital as at that date:

	Shares at 31 December 2011	Shares at 31 December 2010	Options at 31 December 2011	Options at 31 December 2010
Simon Hunt	1,000,000	-	210,000[1]	210,000[1]
Paul Benetti	9,256,000	776,000	840,000[1]	840,000[1]
Malcolm Williams	-	-	140,000[1]	140,000[1]

1 These options which were issued on 15 October 2007 are exercisable at £0.60 per share, lapse after 5 years from that date. These options vested as to one half on 17 October 2008 and the other half after 17 October 2009. Following Paul Benetti's resignation in March 2012 his options as stated above have lapsed.

Further details with respect to the above options granted to directors are set out in note 20. No director held any other interests in the Group during the year and to date.

Corporate governance

As an AIM-listed company, the Company is not required to comply with the UK Corporate Governance Code, issued by the Financial Reporting Council in May 2010, ("Governance Code"). However, the Directors recognised the value of the provisions set out in this code and have therefore decided to provide certain corporate governance disclosures based on the disclosures required of a fully listed company.

As the Company currently has two directors all matters relating to audit and remuneration are considered by the Board as a whole.

Directors' report (continued)

The Board receives and reviews reports from management and the Group's auditors relating to the annual financial statements and the accounting and internal control systems in use throughout the Group.

The Board reviews the scale and structure of the remuneration and terms and conditions of appointment of all directors both Executive and Non-Executive. The board also administers the Group's share option scheme.

Going concern basis

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Review and this Directors' Report. The financial position of the Group, its cash flows, liquidity position and capital requirements are also described in these financial statements on pages 11 to 14. In addition, note 21 of the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The ability of the Company and the Group to continue as a going concern and to pay their ongoing liabilities as and when they fall due is dependent of the raising of additional new funding and ongoing active management of the expenditure incurred by the Group to protect current cash levels.

The Company has recently entered into an Underwriting Agreement whereby a new subscription of funds of not less than £250,000 is expected to be approved at the Company's Annual General Meeting on 28 December 2012. In addition, subject to the fund raising proceeding, £192,738 of creditors as at 31 December 2011 have agreed to receive 30% as full and final settlement of the liabilities due to them.

The directors have a reasonable expectation that the Company and the Group have, or will have, adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Substantial shareholding interests

The following shareholdings of 3% or more of the ordinary share capital of the Company are set out in the register of members of the Company as at 31 December 2011 and 30 November 2012:

	31 December 2011	31 December 2011	30 November 2012	30 November 2012
	Number	%	Number	%
RAB Special Situations (Master) Fund Limited	50,926,500	54.66	50,926,500	54.66
BBHISL Nominees Limited	3,533,333	3.79	3,533,333	3.79
Diana and Peter Lalor **	3,600,000	3.86	3,600,000	3.86
Paul Benetti	9,256,000	9.93	9,256,000	9.93
Hatfield Nominees Pty Limited*	5,143,333	5.52	5,143,333	5.52
2RS Pty Limited	4,452,666	4.77	4,452,666	4.77
Big Fish Nominees Limited	7,491,667	8.04	7,491,667	8.04
Total	84,403,499	90.57	84,403,499	90.57

*includes 165,000 shares in the name of Galgo Investments Pty Limited and 165,000 shares in the name of Finmont Pty Limited and 150,000 shares in the name of Jacobs Ladder Investments Pty Limited

**includes 2,000,000 shares held by Diana Lalor and 1,000,000 shares held by Peter Lalor and 600,000 shares held by Blackwood Consolidated Pty Limited

Post Balance sheet events

The Company has recently entered into Underwriting Agreement whereby a new subscription of funds of not less than £250,000 is expected to be approved at the Company's Annual General Meeting on 28th December 2012. In addition, subject to the fund raising proceeding, £192,738 of creditors as at 31st December 2011 have agreed to receive 30% as full and final settlement of the liabilities due to them

In May 2012, the Madagascar office was closed all operations in Madagascar ceased to continue.

Auditors

A resolution to re-appoint Mazars LLP as the auditors was passed in the year.

Approved by the Board of Directors and signed on behalf of the Board.

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Simon Hunt (Director)

Date: 6 December 2012

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report comprising the Report of the Chairman, the Directors' Report, and Group and Company financial statements prepared in accordance with applicable laws and regulations. The Directors have elected to prepare financial statements of the Company and the Group in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. Isle of Man company law requires the Directors to prepare such financial statements in accordance with relevant accounting standards and the Companies Acts 1931 to 2004.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group and Company's position, financial performance, and cash flows. This requires the faithful representation of the effects of the transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income, and expenses set out in the International Accounting Standard's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting standards;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group, for the system of internal control, for safeguarding assets, for taking reasonable steps for the prevention and detection of fraud, and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Acts 1931 to 2004.

The Directors are responsible for the maintenance and integrity of the company website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of GEM BioFuels PLC

We have audited the financial statements of GEM Biofuels PLC for the year ended 31 December 2011 which comprise the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent company's affairs as at 31 December 2011 and of the group's and the parent company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- have been prepared in accordance with the requirements of the Isle of Man Companies Act 1931-2004.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2(b) to the financial statements concerning the Company and Group's ability to continue as going concerns. The Group and the Company have incurred net losses after tax for the year ended 31 December 2011 of £2,294,885 and £3,406,862, respectively, and experienced net cash outflows from operations of £340,748 and £241,642 respectively. The company has ceased its principal activity of managing plantations that produce oil based fruit post year end and is now aiming to focus on the natural resources and mining sector. As disclosed in note 2b, additional funding is required in order for the Company to meet its on going liabilities as they fall due. The Company has recently obtained a signed Underwriting Agreement, whereby a new subscription of funds of not less than £250,000 is expected to be approved at the Company's Annual General Meeting on 28 December 2012. In addition, subject to the fund raising proceeding, £192,738 of creditors as at 31 December 2011 have agreed to receive 30% as full and final settlement of the liabilities due to them. As these matters have not yet been concluded a material uncertainty exists which may cast significant doubt about the ability of the Company and of the Group to continue as going concerns. The financial statements do not include any adjustments that would result if the Company and the Group were unable to continue as going concerns.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Isle of Man Companies Act 1931 - 2004 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mazars LLP
Chartered accountants
Tower Bridge House
St Katharine's Way
London
E1W 1DD

6 December 2012

Consolidated and Company Statements of Comprehensive Income
for the year ended 31 December 2011

	Note	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Revenue		-	20,247	-	17,653
Cost of sales		-	(15,421)	-	(11,803)
Gross profit		**-**	**4,826**	**-**	**5,850**
Administrative expenses	5	(368,948)	(807,134)	(290,263)	(688,284)
Foreign exchange gains and (losses)		(11,441)	63,369	(10,680)	(2,717)
Impairment of goodwill		(980,547)	-	-	-
Impairment of biological assets		(926,974)	-	-	-
Impairment of loan to subsidiary		-	-	(2,169,357)	-
Impairment of investment in subsidiary		-	-	(935,400)	-
Assets written off		(5,813)	-	(5,813)	-
Interest income		210	216	210	189
Finance costs	8	(1,372)	(2,031)	(1,372)	(1,688)
Loss before tax		(2,294,885)	(740,754)	(3,401,049)	(686,650)
Tax expense	9	-	-	**-**	**-**
LOSS FOR THE YEAR		**(2,294,885)**	**(740,754)**	**(3,406,862)**	**(686,650)**
Exchange difference in translation of foreign operations		**41,006**	**(32,832)**	**(68,748)**	**116,667**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(2,253,879)**	**(773,586)**	**(3,469,797)**	**(569,983)**
Loss per ordinary share	18				
Basic and diluted loss per ordinary share (pence)		(4.19)	(2.21)	(6.48)	(2.05)

Notes to the financial statements are included on pages 15 to 32.

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Consolidated and Company Statements of Financial Position
as at 31 December 2011

	Note	2011 Group £	2010 Group £	2011 Company £	2010 Company £
ASSETS					
Non current assets					
Goodwill	10	-	1,016,241	-	-
Property, plant and equipment	11	4,002	23,692	1,108	11,520
Loan to subsidiary	12	-	-	-	2,191,857
Biological assets	13	-	921,765	-	-
Investment in subsidiary		-	-	-	969,450
		4,002	1,961,698	1,108	3,172,827
Current Assets					
Trade receivables		-	8,993	-	8,993
Prepayments		1,851	8,969	1,850	8,742
VAT refundable		11,103	15,218	11,103	14,120
Other receivable		20,187		20,187	
Cash and cash equivalents		279,614	8,190	279,614	1,142
		312,755	41,370	312,754	32,997
TOTAL ASSETS		316,757	2,003,068	313,862	3,205,824
LIABILITIES					
Current liabilities					
Trade and other payables	14	287,820	501,251	287,820	479,359
TOTAL LIABILITIES		287,820	501,251	287,820	479,359
NET CURRENT ASSETS		24,935	(459,881)	24,934	(446,462)
NETASSETS		**28,937**	**1,501,817**	**26,042**	**2,726,465**
EQUITY					
Issued capital	15	931,648	353,515	931,648	353,515
Share premium	15	5,202,423	4,999,556	5,202,423	4,999,556
Currency translation reserve		232,889	191,883	471,380	540,128
Share option reserve		686,524	686,524	686,524	686,524
Accumulated losses		(7,024,547)	(4,729,661)	(7,265,933)	(3,853,258)
TOTAL EQUITY		**28,937**	**1,501,817**	**26,042**	**2,726,465**

These financial statements were approved by the Board of Directors and authorised for use 6 December 2012
Signed on behalf of the Board of Directors by:

Simon D Hunt
Executive Chairman

Notes to the financial statements are included on pages 15 to 32.

Consolidated and Company Statements of Changes in Equity

for the year ended 31 December 2011

	Note	Share Capital £	Share Premium £	Currency Translation Reserve £	Share Option Reserve £	Accumulated Losses £	Total £
2010							
GROUP							
Balance at 1 January 2010		316,015	4,737,056	224,715	686,524	(3,988,907)	1,975,403
Total comprehensive loss for the year		-	-	(32,832)	-	(740,754)	(773,586)
Issue of shares	15	37,500	262,500	-	-	-	300,000
Balance as at 31 December 2010		353,515	4,999,556	191,883	686,524	(4,729,661)	1,501,817
2011							
GROUP							
Balance at 1 January 2011		353,515	4,999,556	191,883	686,524	(4,729,661)	1,501,817
Total comprehensive loss for the year		-	-	41,006	-	(2,289,072)	(2,248,066)
Issue of shares	15	578,133	208,867	-	-	-	787,000
Cost of issue		-	(6,000)	-	-	-	(6,000)
Balance as at 31 December 2011		931,648	5,202,423	232,889	686,524	(7,018,733)	34,751
2010							
COMPANY							
Balance at 1 January 2010		316,015	4,737,056	423,461	686,524	(3,166,608)	2,996,448
Total comprehensive loss for the year		-	-	116,667	-	(686,650)	(569,983)
Issue of shares	15	37,500	262,500	-	-	-	300,000
Balance as at 31 December 2010		353,515	4,999,556	540,128	686,524	(3,853,258)	2,726,465
2011							
COMPANY							
Balance at 1 January 2011		353,515	4,999,556	540,128	686,524	(3,853,258)	2,726,465
Total comprehensive loss for the year		-	-	(68,748)	-	(3,406,862)	(3,475,610)
Issue of shares	15	578,133	208,867	-	-	-	787,000
Cost of issue		-	(6,000)	-	-	-	(6,000)
Balance as at 31 December 2011		931,648	5,202,423	471,380	686,524	(7,260,120)	31,855

Notes to the financial statements are included on pages 15 to 32.

Consolidated & Company Statements of Cash Flow

for the year ended 31 December 2011

	Note	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Cash flows from operating activities					
Cash used in operations	16	(340,748)	(403,303)	(241,642)	(345,048)
Cash flows from investing activities					
Purchases of property, plant and equipment		-	(13,845)	-	(13,827)
Interest received		210	216	210	189
Interest paid	8	(1,372)	(2,032)	(1,372)	(1,688)
Loans to subsidiary	8	-	-	(12,420)	(127,075)
Net cash used in investing activities		(1,162)	(15,661)	(13,582)	(142,401)
Cash flows from financing activities					
Proceeds from issue of shares	15	350,000	300,000	350,000	300,000
Proceeds from convertible loan notes	15	200,000		200,000	
Payment for share issue costs	15	(6,000)	-	(6,000)	-
Net cash provided by financing activities		544,000	300,000	544,,000	300,000
Net increase/(decrease) in cash and cash equivalents		202,090	(118,964)	288,776	(187,449)
Cash and cash equivalents at the beginning of the year		8,190	102,940	1,142	102,294
Effects of exchange rate changes on the balance of cash held in foreign currencies		69,334	24,214	(10,304)	86,297
Cash and cash equivalents at the end of the year		279,614	8,190	279,614	1,142

Notes to the financial statements are included on pages 15 to 32.

1. GENERAL INFORMATION

GEM BioFuels PLC (the "Company") is a company domiciled and incorporated in the Isle of Man, and was incorporated on 6 December 2005. The Company's ordinary shares are traded on the London Stock Exchange's Alternative Investment Market ("AIM").

The consolidated and company accounts for GEM BioFuels Plc and its subsidiary (the "Group") have been prepared for the year ended 31 December 2011.

The Company's registered address is 33 Athol St, Douglas, Isle of Man, IM1 1LB.

The functional currency of the Company and its subsidiary is the United States Dollars ('USD') as it is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pounds Sterling (presentation currency) for the convenience of readers. The translation between the functional and presentation currency is in accordance with the policy set out in Section 2(g) below.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB as they apply to the financial statements of the Group for the year ended 31 December 2011.

New standards and amendments

The following new standards, amendments and interpretations became effective during the year and have been applied from 1 January 2011.

Amendments to IFRS 2 relating to group cash-settled share-based payment transactions
IFRS 3 comprehensive revision on applying the acquisition method
Consequential amendments to IAS 27, IAS 28 & IAS 31 arising from amendments to IFRS 3
Amendments to IAS 39 relating to eligible hedged items and embedded derivatives when reclassifying financial instruments.
Amendments to IFRIC 14 with respect to voluntary prepaid contributions
IFRIC 17 Distribution of Non-cash Assets to Owners
IFRIC 18 Transfers of Assets from Customers
IFRIC 19 Extinguishing Liabilities with Equity Instruments
IAS 19 Amended standard resulting from the Post Employment Benefits and Termination Benefits project
IAS 24 – Revised definition of related parties
Amendments to IAS 32 Relating to classification of rights issues
Amendments to IFRIC 14 Relating to voluntary prepaid contributions

All amendments arising from annual improvements to IFRSs are not deemed to have a material effect on the financial statements.

New IFRS standards and interpretations not applied

At the date of approval of these financial statements, the following Standards and Interpretations which may be applicable to the Group, but have not been applied in these financial statements, were in issue but not yet effective:

Amendments to IFRS 7 Enhancing disclosures about transfers of financial assets (1July 2011)
IFRS 9 – Classification and Measurement of Financial Assets and Financial Liabilities (1 January 2013)
IFRS 10 – Consolidated Financial Statements (1 January 2013)
IFRS 11 – Joint Arrangements (1 January 2013)
IFRS 12 – Disclosures of Interests in Other Entities (1 January 2013)
IFRS 13 – Fair Value Measurement (1 January 2013)
Amendments to IAS 1 Revising the way other comprehensive income is presented (1 July 2012)
Amendments to IAS 12 - Limited scope amendments (recovery of underlying assets) (1 July 2012)
Reissued as IAS 27 Separate Financial statements (as amended in 2011) (1 January 2013)
Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) (1 January 2013)

All amendments arising from annual improvements to IFRSs are not deemed to have a material effect on the financial statements.

The directors anticipate that all of the above standards and interpretations will be adopted when effective and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ***Basis of preparation***

The Group's and the Company's financial statements are prepared on the historical cost basis.

The Group's and the Company's accounting policies have been consistently applied to the results, gains and losses, assets, liabilities and cash flows of entities included in the consolidated financial statements.

The preparation of financial statements in conformity with IFRSs requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that year or in the year of the revision and future periods if the revision affects both current and future years.

The financial report has been prepared on a going concern basis, which contemplates the continuity of business activity.

The Company has changed is principal activity post year end with an intention to focus on the natural resources and mining sector whilst no longer managing plantations that produce oil based fruit which is expected to be approved at the Annual General Meeting on 28 December 2012.
The Company and the Group have incurred a net loss after tax for the year ended 31 December 2011 of £3,401,049 and £2,294,885 respectively (2010: £686,650 and £740,754 respectively) and experienced net cash outflows from operations of £458,455 and £557,561 respectively (2010: £403,303 and £345,048 respectively). As at 31 December 2011 the Company and the Group had net assets of £26,042 and £28,937 respectively (2010: £2,726,465 and £1,501,817 respectively).

The ability of the Company and the Group to continue as going concern and to pay their ongoing liabilities as and when they fall due is dependent of the raising of additional new funding's' and ongoing active management of the expenditure incurred by the Group to protect current cash levels.

During the year and to the date of this report the Directors have taken steps to raise funds as follows:

(i) Raising £350,000 before expenses through the issue of new Ordinary shares on 20 December 2011;
(ii) Converting £412,500 of outstanding convertible loan notes and £25,000 of outstanding fees on 20 December 2011;
(iii) As at 5 December 2012 the Company has entered into an Underwriting Agreement in connection with a new subscription of funds to raise not less than £250,000. The Underwriting Agreement is due to be formally approved at the Company's Annual General Meeting on the 28 December 2012.
(iv) The Company has entered into settlement agreements in relation to £192,738 of the trade creditors as at 31 December 2011 whereby each creditor will accept 30% of what was outstanding in full and final settlement. This is subject to completion of the fund raising set out in (iii).

As the proposed fundraising set out above at (iii) and the arrangement with creditors described in (iv) have not yet been completed, the Directors have concluded that a material uncertainty exists which may cast significant doubt about the ability of the Company and the Group to continue as going concerns and mean that they may be unable to realise their assets and discharge their liabilities in the normal course of business.

Nevertheless, after making enquiries and having considered the uncertainties identified above, the Directors are of the opinion that there is a reasonable expectation that the proposed fund raising and the arrangement with creditors set out above will proceed and allow the Company and Group to continue in operational existence for the foreseeable future. Consequently the Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements.

(c) ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) ***Basis of consolidation** (continued)*

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

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is recognised immediately in profit or loss.

(d) ***Goodwill***

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually.

(e) ***Revenue recognition***

Sales revenue is recognised and accrued at the time that the product is shipped to the customer and invoice for the item(s) has been issued. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(f) ***Leases***

Leases are classified as finance leases whenever the terms of the lease substantially transfer the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Group only has operating leases. Payments under the operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

(g) ***Foreign currencies***

The functional currency of the Company and subsidiaries is considered to be United States Dollars as the currency of the primary economic environment in which the Group operates. For the purpose of the consolidated financial statements, the results and financial position of the Company and Group are expressed in Pounds Sterling.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under derivative financial instruments and hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) ***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 year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(i) ***Financial instruments***

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company or the Group after deducting all of its liabilities.

Trade payables

Trade payables are measured at cost which is deemed to equate to fair value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group does not use derivative financial instruments for speculative purposes.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) ***Financial instruments*** *(continued)*

Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instruments reaching maturity. The equity component initially brought to account is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects and is not subsequently remeasured.

(j) ***Provisions***

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

(k) ***Property, plant and equipment***

Items of property, plant and equipment are initially recorded at cost, being the fair value of consideration provided plus incidental costs, including an amount for dismantling costs where applicable. Items of plant and equipment, including motor vehicles, fixtures and fittings and leasehold improvements are depreciated from the date of acquisition using the straight line method over their estimated useful lives. Depreciation rates are reviewed annually.

The depreciation rates used for each class of asset are as follows:

Motor vehicles	25%
Fixtures and equipment	5% - 40%

(l) ***Biological assets***

A biological asset is a living animal or plant. In the Group's case biological assets are Jatropha trees in Madagascar. A biological asset is required to be recognised when the company controls the asset as a result of a past event, it is probable that the future economic benefits associated with the asset will flow to the entity and the fair value or cost of the asset can be measured reliably.

The biological asset should be measured on initial recognition and at each balance sheet date at its fair value less estimated point of sale costs, except where the fair value cannot be measured reliably. Fair value is not reliably measurable when market determined prices are not available and for which alternative measures of fair value are clearly unreliable.

For these reasons and the fact that the planted areas are relatively immature and still to yield substantial harvests, the Directors do not believe it is possible to reliably measure the fair value of these assets and, as such, have not used fair value accounting.

Costs incurred may approximate fair value when little biological transformation has taken place since the initial cost occurrence. As disclosed in note 13, the Group recognises plantation assets at cost, this being the directors' best estimation of fair value. Depreciation of these assets commences when assets are ready for their intended use.

Changes in the fair value (gains or losses) of the biological asset are recorded in the statement of comprehensive income in the period in which the change occurs.

In accordance with IAS 36 'Impairment of assets', the directors have measured the extent to which the assets should be impaired given that the crop has not been fully developed in the year. From expected cash flow calculations and expected oil yield calculations, a full value of the biological assets impairment charge is recognised within the financial statements.

(m) ***Impairment of assets***

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) ***Impairment of assets (continued)***

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately. The investment in subsidiary has been impaired as it is not revenue generating and the board have been notified that the results from the plantation are unlikely to lead to a commercial return.

(n) ***Impairment of financial assets – assets carried at amortised cost***

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(o) ***Share-based payments***

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 20.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit and loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

No amount has been recognised in the financial statements in respect of other equity-settled share based payments.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(p) ***Investment in Subsidiary***

The investment in subsidiary is stated at cost, less any provision for impairment

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 2, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Impairment of goodwill

Following a detailed annual review of the business combinations acquired, the Directors have made calculations based on certain assumptions which underpin the value. Refer to note 10 for details of the assumptions made.

Impairment of biological assets

Following a detailed annual review of the Group's plantation and forest assets, the Directors have made calculations based on certain assumptions which underpin the value. Refer to note 13 for details of the assumptions made.

Impairment of loan to subsidiary

The Directors use significant judgement to determine whether the Company's loan to its subsidiary is impaired. In making this judgement, the Directors evaluate the expected future cash flows of the subsidiary to allow for repayment. During the first quarter a complete review was undertaken by the board together with third party agronomists of all the Company's plantations. This involved a physical inspection of plantations and following this it was concluded that a full impairment should be made to the biological asset which in turn led the board to decide to write off the investment in subsidiary, associated goodwill and the loan to subsidiary.

4. SEGMENT REPORTING

IFRS 8 requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker ("CODM"). The CODM of the Group is considered to be the Board of the Directors.

The Group is considered to be represented by one reportable segment that is based on its principal activity which is to provide feedstock to the biofuels and biochemical markets. The Group also operated in only one geographical location, being Madagascar. Consequently, the Directors consider that the Group has one reportable segment.

5. ADMINISTRATIVE EXPENSES

Operating loss is stated after charging:

	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Legal & professional fees	44,222	74,853	44,223	73,726
Audit fees	20,000	31,536	20,000	31,536
Consultants' fees	-	630	-	-
Depreciation	13,585	17,409	4,446	4,077
Rental fees	30,987	32,119	23,400	23,400
Wages and salaries	61,584	484,139	46,125	432,078
Other administrative expenses	127,804	98,448	81,304	55,467
Non-Executive Directors' emoluments	70,766	68,000	70,766	68,000
	368,948	807,134	290,263	688,284

6. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group (including Directors) during the year, by category, was as follows:

	2011	2010
Executive directors	1	1
Technical	2	2
Administration	-	24
Total	3	27

The costs incurred in respect of these employees (including Directors) were:

	2011 £	2010 £
Total Wages and salary	61,584	484,139

The average number of persons employed by the Company (including Directors) during the year, by category, was as follows:

	2011	2010
Executive directors	1	1
Administration	1	1
Total	2	2

The costs incurred in respect of these employees (including Directors) were:

	2011 £	2010 £
Total (including social security costs)	132,350	378,471

7. DIRECTORS' REMUNERATION

	Basic Salary £	Fees £	Total 2011 £	Total 2010 £
Executive directors				
Paul R Benetti(i)	10,000	-	10,000	213,609
Non-executive directors				
Simon D Hunt (ii)	-	48,000	48,000	36,000
Malcolm F Williams	-	24,000	24,000	24,000
Pritesh R Desai (iii)	-	-	-	8,000
	10,000	72,000	72,000	281,609

(i) Paul Benetti waived all additional outstanding salary for 2011 on his resignation.

(ii) These amounts (£48,000 fees of which £25,000 was capitalised and converted into new shares at 2.5p per share on 20 December 2011) are paid to Cornerstone Capital Limited, a company of which Simon Hunt is both a Director and shareholder

(iii) Resigned 5 May 2010

A difference of £1,234 is recognised by the company and related to the amounts being initially recorded at the USD spot rate and subsequently converted at the year end at the GBP spot rate. The agreed fees for the non-executive directors are agreed in GBP.

8. NET FINANCING (EXPENSE)/INCOME

	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Interest income from financial institutions	210	216	210	189
Gross interest expenses	(1,372)	(2,031)	(1,372)	(1,688)
Net financing (expense)	(1,162)	(1,815)	(1,162)	(1,499)

9. INCOME TAX EXPENSE

The Income Tax (Amendment) Act 2006 provides that a standard zero rate of income tax will apply to the Company in the Isle of Man for 2006/07 and subsequent years of assessment. Therefore no provision for liability to Isle of Man income tax has been included in these accounts.

The Company's subsidiary pays tax at a rate of 23% on its taxable profits. No tax charge has been recorded in the current year in respect of the operations of the subsidiary due to losses arising. A deferred tax asset has not been recognised in respect of these losses due to the unpredictability of future income streams in the company. The total of the unrecognised deferred tax asset as at 31 December 2011 was £867,399 (2010: £340,912). The charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	Group 2011 £	Group 2010 £
Loss before tax	(2,294,885)	(740,754)
Tax at the domestic rate of 0%	-	-
Effect of different tax rates of subsidiary operating in another jurisdiction	(527,824)	(14,476)
Unrecorded deferred tax asset	527,824	14,476
Tax expense for the year	-	-

10. GOODWILL

	Group £
Balance at 1 January 2010	987,309
Effects of foreign currency exchange differences	28,932
Balance at 1 January 2011	1,016,241
Impairment	(980,547)
Effects of foreign currency exchange differences	(35,694)
Balance at 31 December 2011	-

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit (CGU) that is expected to benefit from that business combination. The Group's only CGU is Green Energy Madagascar sarl.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired

The recoverable amount of the CGU is determined from value in use calculations from its plantation operations. The key assumptions for the value in use calculations are those regarding the discount rates, oil yield from seeds, seed yields from trees and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU and at present uses a range of discount factors between 14% and 31% (2010: 14% to 31%) to account for a number of potential outcomes to the risks inherent in the project at the time. Oil yield assumed from seeds is set at 29% and is based on our direct experience from commercial-scale crushing of seeds in Madagascar. Accordingly taking into account these assumptions, goodwill was not considered to be impaired for the year ending 31 December 2010. However following the full review involving agronomists and calculations carried out for the year ending 31 December 2011, as a result of a lack of intervention and maintenance there were fewer trees reaching maturity than had been anticipated. Following the results of the value-in use calculations performed by the board, a review of planation by agronomists and the subsequent impairment calculation, the Directors have written down the goodwill figure to nil.

11. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Motor Vehicles £	Fixtures and equipment £	Total £
COST			
At 1 January 2011	16,854	63,465	80,319
Assets written off	-	(11,627)	(11,627)
Exchange difference	(942)	(2,272)	(3,214)
At 31 December 2011	15,912	49,566	65,478
ACCUMULATED DEPRECIATION			
At 1 January 2011	13,816	42,811	56,627
Charge for the year	4,432	23,792	28,224
Assets written off	-	(5,813)	(5,813
Exchange difference	(2,336)	(15,226)	(17,562)
At 31 December 2011	15,912	45,564	61,146
NET BOOK VALUE			
At 31 December 2011	-	4,002	4,002

	Motor Vehicles £	Fixtures and equipment £	Total £
COST			
At 1 January 2010	61,929	50,443	112,372
Additions	-	13,845	13,845
Disposals	(68,681)	-	(68,681)
Exchange difference	23,606	(823)	22,783
At 31 December 2010	16,854	63,465	80,319
ACCUMULATED DEPRECIATION			
At 1 January 2010	52,915	31,675	84,590
Charge for the year	5,595	11,814	17,409
Disposals	(44,178)	-	(44,178)
Exchange difference	(516)	(678)	(1,194)
At 31 December 2010	13,816	42,811	56,627
NET BOOK VALUE			
At 31 December 2010	3,038	20,654	23,692

11. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY

	Fixtures and equipment £	Total £
COST		
At 1 January 2011	22,311	22,311
Additions	-	-
Assets written off	(11,627)	(11,627)
Exchange difference	27	27
At 31 December 2011	10,711	10,711
ACCUMULATED DEPRECIATION		
At 1 January 2011	10,791	10,791
Charge for the year	4,620	4,620
Assets written off	(5,814)	(5,814)
Exchange difference	6	6
At 31 December 2011	9,603	9,603
NET BOOK VALUE		
At 31 December 2011	1,108	1,108

	Fixtures and equipment £	Total £
COST		
At 1 January 2010	8,246	8,246
Additions	13,827	13,827
Exchange difference	238	238
At 31 December 2010	22,311	22,311
ACCUMULATED DEPRECIATION		
At 1 January 2010	6,529	6,529
Charge for the year	4,071	4,071
Exchange difference	191	191
At 31 December 2010	10,791	10,791
NET BOOK VALUE		
At 31 December 2010	11,520	11,520

12. LOAN TO SUBSIDIARY

The Company has lent an additional £12,420 during the year to Green Energy Madagascar sarl ('Green Energy'), a wholly owned subsidiary, bringing the total amount loaned by the Company to Green Energy as at 31 December 2011 to £2,204,277 (2010: £2,191,857). Having reviewed this loan and the calculation of expected cash flows from the subsidiary, based upon the current crop, it is unlikely for the loan to be repaid in the foreseeable future and therefore the Directors consider it appropriate to recognise a full impairment.

13. BIOLOGICAL ASSETS

	2011 Group £	2010 Group £	2011 Company £	2010 Company £
COST				
At 1 January	921,765	943,848	-	-
Additions during year	-	-	-	-
Impairment	(926,974)			
Exchange difference	5,209	(22,083)	-	-
At 31 December	-	921,765	-	-

13. BIOLOGICAL ASSETS (continued)

In considering whether there has been any impairment the Group has considered the reasonableness of the carrying value at cost by reference to value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, oil yield from seeds, seed yields from trees and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU and at present uses a range of discount factors between 14% and 31% (2010: 14% and 31%) to account for a number of potential outcomes to the risks inherent in the project at the time. Oil yield assumed from seeds is set at 29% and is based on our direct experience from commercial-scale crushing of seeds in Madagascar.

A full annual review which has involved value in use calculations and oil yield calculations has been performed. A subsequent impairment calculation was carried out with a result that due to the lack of intervention and maintenance, there were fewer trees reaching maturity than had been anticipated. Accordingly, the directors have noted that as at 31 December 2011, based on the review above, the value of the biological asset is fully impaired and that cost does not continue to reflect the best approximation of fair value, as had been determined as at 31 December 2010.

Whilst the Group has access to 40,000 hectares of natural forest which provide the Group with a source of seeds, due to the fact that trees are more sparsely grown in this area and yields are unpredictable because of the uncultivated and unmanaged nature of the areas, confirmed by the calculations above, no value continues to be attributed to them as a biological asset.

14. TRADE AND OTHER PAYABLES

	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Other payables	267,820	472,058	267,820	451,859
Accrued expenses	20,000	29,193	20,000	27,500
	287,820	501,251	287,820	479,359

Trade creditors and accruals principally comprise amounts outstanding for directors and ex employees The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

15. SHARE CAPITAL AND SHARE PREMIUM

Authorised:	**Number of Ordinary Shares of 1p each**	**£**
31 December 2010	200,000,000	2,000,000
31 December 2011	200,000,000	2,000,000

15. SHARE CAPITAL AND SHARE PREMIUM (continued)

Issued	Number of Shares Issued and Fully Paid	Share Capital £	Share Premium £
Balance at 1 January 2010	31,601,501	316,015	4,737,056
Issue of ordinary shares at 1p each	3,750,000	37,500	262,500
Costs of capital raising	-	-	-
Balance at 31 December 2010	35,351,501,	353,515	4,999,556
Conversion of convertible note at 1.5p each	13,333,333	133,333	66,667
Conversion of convertible note at 2.5p each	8,480,000	84,800	127,200
Issue of ordinary shares at 1p each	35,000,000	350,000	-
Issue of ordinary shares in lieu of fees at 2.5p each	1,000,000	10,000	15,000
Cost of capital raising	-	-	(6,000)
Balance at 31 December 2011	93,164,834	931,648	5,202,423

On 19 December 2011, the Company completed the placing of 35,000,000 ordinary shares at 1p per share, raising £350,000 in cash. The shares rank pari passu in all respects with the existing ordinary shares, including the right to receive all dividends and other distributions hereafter declared, made or paid.

In March 2011, the Company issued a convertible loan note which was fully converted at face value in December 2011. The note was converted into fully-paid, new ordinary shares in the Company; £200,000 of which were at converted 1.5p amounting to 13,333,333. There was no interest charged on this note.

In December 2011, £212,500 of outstanding payables and £25,000 of outstanding fees were capitalised at 2.5p amounting to 8,480,000 and 1,000,000 new ordinary shares respectively. There was no profit or loss impact as a result of settling these payables.

Share Capital
Share capital represents the nominal value of shares issued by the Company.

Share Premium
Share premium represents the premium over nominal value raised on the issue of shares by the Company.

The Company has one class of ordinary shares which carry no right to income.

Holders of the ordinary shares are entitled to receive dividends and other distributions and to attend and vote at any general meeting.

16. NOTES TO THE CASH FLOW STATEMENT

	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Loss for the year	(2,294,885)	(740,754)	(3,401,049)	(686,650)
Adjustments for:				
Finance costs	1,372	2,032	1,372	1,688
Foreign exchange gain/(loss)	11,441	(63,369)	10,680	2,717
Interest income received and receivable	(210)	(216)	(210)	(189)
Impairment of goodwill	980,547	-	-	-
Impairment of biological assets	926,974	-	-	-
Impairment of loan to subsidiary	-	-	2,169,357	-
Impairment of investment in subsidiary	-	-	935,400	-
Asset write off	5,813		5,813	
Depreciation of property, plant and equipment	13,585	17,409	4,446	4,077
Operating cash flows before movements in working capital	(355,363)	(748,898)	(285,817)	(678,357)
Decrease in inventories	-	31,657	-	-
(Increase) in other assets	(8,953)	(30,173)	(1,285)	(30,522)
Increase in payables	23,568	380,111	45,461	363,831
Net cash used in operating activities	(340,748)	(403,303)	(241,642)	(345,048)

17. GROUP ENTITIES

Significant subsidiaries	Country of incorporation	Ownership interest
Green Energy Madagascar sarl	Madagascar	100%

During 2011, the Directors determined that the Company's investment in the subsidiary is not recoverable and recognised a full impairment against the investment value as referred to in note 3 and note 10.

18. LOSS PER ORDINARY SHARE

	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Loss for the year	2,294,885	750,754	3,401,049	686,650

	2011 Number	2010 Number
Weighted average number of shares	53,630,076	33,476,501

	2011 Group	2010 Group	2011 Company	2010 Company
Loss per ordinary share - basic	(4.19)	(2.21)	(6.48)	(2.05)
- diluted	(4.19)	(2.21)	(6.48)	(2.05)

19. RELATED PARTIES

Amounts outstanding between the Company and subsidiary are disclosed in note 12.

Trading transactions

During the year, there were no transactions with companies in the Group or transactions with related parties having certain common directors other than those referred to below:

The Company paid £48,000 (2010: £36,000), of which £25,000 was capitalised and converted into new shares at 2.5p per share on 20 December 2011, by way of non-executive fees for Simon Hunt's services under an agreement with Cornerstone Capital Limited, a company in which Simon Hunt is a shareholder and a director. The contract is based on normal commercial terms.

The Company paid £22,200 (2010 £23,400) in rent for office space in Perth, Australia under a 'cancellable, month-to-month' operating lease to DAPRB Pty Ltd, a company in which Paul Benetti is a director. The contract is based on normal commercial terms.

Loans

There are no other outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by the Directors to or for the benefit of the Company.

20. SHARE-BASED PAYMENTS

Employee share option plans

The Group has two ownership-based compensation schemes for Directors and executives of the Group. In accordance with the provisions of these plans, as approved by shareholders at a previous general meeting, awards are made to Directors and executives at the discretion of the Board of Directors either on appointment, at salary review time, or any other time that the Directors deem appropriate. There is no specific performance or vesting criteria attaching to the options and it is at the discretion of the Board of Directors to establish these criteria for option award if they deem it desirable.

20. SHARE-BASED PAYMENTS (continued)

The table below shows the contract and vesting periods of the options granted at 31 December 2011:

	Number	Exercise Price	Vesting Period	Option Life
Directors	1,190,000	60p	Vested	5 years

These options expire 15 October 2012.

The expenditure recognised in the statement of comprehensive income of the Group and the Company for the share-based payments in respect of employee services received during the year to 31 December 2011 is £nil (2010: £nil).

The tables below illustrates the number and weighted average exercise price (WAEP) of, and movements in, two share options streams during the year.

Directors' Options	2011 Number	2011 WAEP £	2010 Number	2010 WAEP £
Outstanding at 1 January	1,190,000	60p	1,750,000	60p
Granted during the year	-	-	-	-
Forfeited during the year	-	-	(560,000)	60p
Exercised during the year	-	-	-	-
Outstanding at 31 December	1,190,000	60p	1,190,000	60p
Exercisable at 31 December	1,190,000	60p	1,190,000	60p

The Directors' options were granted in October 2007 and the exercise price for those options outstanding at the end of the year was 60p (2010: 60p). The weighted average remaining contractual life of the options in issue at 31 December 2011 is 0.8 years (2010: 1.8 years).

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Liquidity risk

The Group and the Company seek to manage financial risk to ensure sufficient liquid funds are available to meet foreseeable needs whilst investing cash assets safely and profitably. The entire Group's net financial liabilities at 31 December 2011 £287,820 (2010: £501,251) and the Company's net financial liabilities at 31 December 2011 £287,820 (2010: £479,359) are payable within 3 months. During the year, the Company has successfully raised £200,000 in cash and converted £212,500 of outstanding salary through the issue of Convertible Loan Notes and £350,000 through the issue of new ordinary shares. The Convertible Loan Notes were converted into shares in December 2011 to remove that liability.

Foreign currency risk

The Group undertakes transactions in Malagasy Ariary (MGA). The Group and the Company do not hedge their exposure. The carrying amounts of the Group's MGA denominated assets and monetary liabilities at the reporting date are £Nil (2010: £941,212) and £Nil (2010: £20,559) respectively.
The table below demonstrates the sensitivity of the Group's loss before tax and equity to a reasonably possible change in the MGA exchange rate.

	Increase/ decrease in MGA rate	Effect on loss before tax £
2011	+5%	-
	-5%	-
2010	+5%	(5,872)
	-5%	6,489

Managing capital

The Group and the Company aims to optimise its capital structure by holding an appropriate level of debt relative to equity in order to maximise shareholder value. The appropriate level of debt is set with reference to a number of factors and financial ratios including expected operating and capital expenditure cash flows, contingent liabilities and the level of unrestricted cash as well as the general economic environment. The Group aims to control its capital structure by issuing new shares and raising debt finance to the extent that it is possible on commercially acceptable terms. The Group's developing nature and the economic conditions prevailing in the biofuels industry are restricting the Group's ability to raise debt finance and exert any significant degree of control over its gearing ratio. As a result, the Group is currently financed exclusively from equity.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

During the year, the Company has successfully raised £200,000 in cash and converted £212,500 of outstanding salary through the issue of Convertible Loan Notes. The Convertible Loan Notes were converted into shares in December 2011 to remove that liability.

The Company has recently entered into an Underwriting Agreement whereby a new subscription of funds of not less than £250,000 is expected to be approved at the Company's Annual General Meeting on 28 December 2012. In addition, subject to the fund raising proceeding, £192,738 of creditors as at 31 December 2011 have agreed to receive 30% as full and final settlement of the liabilities due to them.

Fair value of financial assets and financial liabilities
The carrying amounts of all of the Group's financial instruments that are carried in the financial statements are reasonable approximate of their fair value. The Group and the Company's maximum credit risk at 31 December 2011 was £Nil (2010: £17,183) and the Company's maximum credit risk at 31 December 2011 was £Nil (2010: £2,191,857).

All financial assets are categorised as loans and receivables and all financial liabilities are categorised as other financial liabilities.

Risk Exposure

Credit risk
The Group's and the Company's principal financial assets are bank balances and cash, prepaid expenses and other receivables. The Group and Company has one significant concentration of credit risk being cash balances held with its bank. However credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

As of 31 December 2011, trade receivables of £nil (2010: £8,993) were past due but not impaired.

Market and liquidity risk
Market risk is the risk that changes in interest rates, foreign exchange rates, equity prices and other rates, prices, volatilities, correlations or other market conditions, such as liquidity, will have an adverse impact on the Group's financial position or results. The principal market risks to which the Group and the company are exposed are interest rate risk and foreign currency risk, which are not hedged given the scale and nature of the Group and the Company's operations.

Interest rate risk
Interest rate risk arises when interest rates move. Neither the Group nor the Company have any borrowings and as such has no exposure to interest rate movements. However it does, from time-to-time, hold cash balances on deposit but does not hedge or fix these rates given the scale and nature of the Group and the Company's operations. In the directors opinion interest rate risk is deemed not material given that no external loan liabilities are in place.

Currency risk
Currency risk arises when transactions are conducted in a currency other than the functional currency of the Group or the Company, which is not hedged given the scale and nature of the Group and the Company's operations. The Group and the Company seek to mitigate currency risk by maintaining foreign currency bank accounts to facilitate transactions in appropriate currencies, however the majority of all funds are held in the Group and the Company's functional currency.

Principal activity risk
Post year end the company is no longer involved in managing plantations that produce oil based fruit. Subject to shareholder approval the company intends to focus on the natural resources and mining sector.

22. COMMITMENTS

The Group and the Company have no significant capital commitments towards existing or forecasted investments.

	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Minimum lease payments under the operating leases recognized as an expense in the year	-	30,912	-	-

At the balance sheet date, the Group had no outstanding commitments for the future minimum lease payments under non-cancellable operating leases.

23. ULTIMATE CONTROLLING PARTY

During the year to 31 December 2011, the ultimate controlling party of the Company and the Group is RAB Special Situations (Master) Fund Limited ('RAB'), a company incorporated in the Cayman Islands.

24. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the end of the financial year, the following events occurred:

Paul Benetti resigned as Chief Executive Officer of the Group on 28 March 2012.

The operations in Madagascar have now ceased in May 2012.

Agreements dated 5 December 2012 were entered into with ex employees for amounts due to at the year ended 31 December 2011, whereby a balance of 30% of the amount payable will be settle the outstanding debt.

An underwriting agreement dated 4 December 2012 has been signed with Marine Investments whereby a new subscription of funds of not less than £250,000 is expected to be approved at the Company's Annual General Meeting on 28th December 2012.

25. CONTINGENT LIABILITIES

	2011 Group £	2010 Group £	2011 Company £	2010 Company £
Commercial disputes	29,000	30,000	-	-

Green Energy Madagascar sarl was a defendant in legal actions in two commercial disputes. The only one remaining relates to the early termination in 2007 of a lease. The directors believe, based on legal advice, that the action is unlikely to progress and therefore no losses will be incurred.