

For release

30 November 2004

Biofuels Corporation Plc
Interim Results for the half year ended 30 September 2004

Biofuels Corporation plc (“Biofuels” or “the Company”), which will become one of Europe’s largest producers of biodiesel, a vegetable oil based version of diesel, announces its maiden Interim Results since flotation on AIM on 17 June 2004.

Field Walton, Chairman, in his statement to shareholders, said:

Chairman’s Statement

“I am pleased to report that the Company successfully floated on the AIM in June 2004. The offering was fully subscribed, raising £15m. This together with £17m of financing facilities committed by Barclays Bank PLC meant that detailed design work could be completed and fabrication initiated on the critical bio-diesel and glycerine production modules.

Furthermore, as planned, we are engaging further senior management who will assist in our continuing development and bring added strength to the Board.

Plant construction

Work is proceeding on target in Austria with the fabrication of the biodiesel and glycerine modules for the 250,000 tonnes per annum plant. Contracts have been laid for infrastructure development and utilities, and work on piling for the plant’s foundations is under way. A formal ground-breaking ceremony was held on site on 9th November 2004.

In parallel with work on the South Site (plant facilities), there is good progress being made on the North Site where the company leases storage facilities from Seal Sands Storage Limited (a subsidiary of Simon Storage Limited). Tanks representing storage of 31,000 cubic metres of feedstock and product are being prepared together with associated foundations, pipe-work, pumps and connections to the wharves.

Taking account of all its elements, the project build is approximately fifty percent complete. The commencement of commissioning is targeted for early April, with the introduction in mid-April of trial production runs of the biodiesel modules. Handover of the full biodiesel/glycerine plant is now scheduled for mid-June, as against the end of March target stated in the prospectus.

Meanwhile, a number of options for a second biodiesel plant have entered into the feasibility study phase.

Commodity price impacts

Following the listing of the company on the AIM, hedges were undertaken to provide protection against movements in the margin between Ultra Low Sulphur Diesel (ULSD) and Crude Palm Oil (CPO), and to protect against currency and interest rate volatility during the construction period and the first two years of operation.

Since the commodity hedge was established, there has been a significant movement in both the price of ULSD (upwards) and CPO (downwards). The impact of these price movements is dampened by the impact of the commodity hedge.

At the time of flotation the forward price of Ultra Low Sulphur Diesel (ULSD) was USD260 per metric tonne. The current price (25th November) for ULSD is USD525. Additionally, the forward price for Crude Palm Oil (CPO) FOB Malaysia was USD435 at the time of admission to AIM. The local delivered price for CPO is currently (26 November) USD391.

These external factors have a material effect on the selling price of Biodiesel, which will be priced against Ultra-Low Sulphur Diesel, and on the cost of production, as palm oil is a highly correlated measure of feedstock costs. They also impact the commodity hedge that was put in place immediately after the commencement of trading on AIM.

The company expects the prices of these commodities to remain volatile.

Budget Review

The company has just completed a full review of its fixed and working capital requirements. Completion of detailed design by our project team has identified certain areas where cost estimates should prudently be increased.

The result of this review is an increased capacity of the biodiesel plant to process all feedstocks from crude palm oil to refined rapeseed oil, and a significant increase in the production efficiency of the glycerine refining equipment. The former allows the company flexibility to use less expensive feedstock blends where appropriate, while the latter improves the proportion of higher value pharmaceutical grade glycerine produced. In addition, certain items of infrastructure which were originally to be funded through lease finance are now being funded directly. The increase in the fixed capital funding is estimated to be £6.5 million, of which about £2 million is contingency.

The review has also identified the need for provision of increased working capital. This is primarily the result of a conservative view of expected trade terms, particularly on sales during the start-up phase. There was also an increase in pre-flotation and flotation expenses over budget. The working capital requirement has therefore been revised upwards. The company intends to negotiate the most favourable terms to reduce this requirement.

During the review, Barclays have been informed of the increased funding requirement. We are in discussions with the bank with respect to a revised working capital facility that will progress the project build through February 2005, when the Directors anticipate being able to call down the development financing under the facility. The Board are also considering options for the Company's longer term financing requirements.

Financial Results

Financial results for the six months to September 2004 show a loss of £1.8m, (2003: £0.1m) representing pre-production and administrative expenditure during the finance raising and construction phase. Cash inflows during the period amounted to £6.7m, of which £12.3m represented net inflows from the share placing, offset by £4.0m capital expenditure and £1.6m operating expenses.

Commercial Development

As advised in the prospectus to the share offering Petroplus has signed a five-year contract for 365,000 tonnes of biodiesel. Discussions with other prospective customers have progressed well. Negotiations are under way for the supply of a further 100,000 tonnes of biodiesel per annum, for the EU market. The Company does not envisage difficulty in selling the remainder of its production in time for full plant production.

Negotiations also progress well for the supply of vegetable oil feedstock, through the European market, and directly with Malaysian entities.

Government Support for the Biodiesel Industry

Fiscal support for the biodiesel industry in EU countries is expected to remain strong, particularly so in the major German and French markets. We look forward to the Chancellor's report on 2nd December, where options for the further support of biofuels in the UK will be considered. The options on the table are a further cut in the duty on biodiesel, the provision of capital grants for biofuels projects, and the introduction of a biofuels obligation requiring, or incentivising, fuel suppliers to put a minimum biofuel content into mineral diesel and petrol."

F Walton
Chairman

BIOFUELS CORPORATION PLC

Unaudited consolidated profit and loss account for the period ended 30 September 2004

	6 months ended 30 September 2004 £'000	6 months ended 30 September 2003 £'000
Operating expenses	(1,834)	(138)
Operating loss	(1,834)	(138)
Interest receivable	76	-
Interest payable and similar charges	-	(2)
Loss on ordinary activities before and after taxation, retained for the period	(1,758)	(140)
Loss per share		
Basic and diluted	8.4 pence	1.7 pence

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

BIOFUELS CORPORATION PLC**Unaudited consolidated balance at 30 September 2004**

	As at 30 September 2004 £'000	As at 30 September 2003 £'000
Fixed assets		
Tangible assets	4,315	299
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Current assets		
Debtors	1,941	11
Cash at bank and in hand	6,757	131
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	8,698	142
Creditors: amounts falling due within one year		
Convertible debt	-	(67)
Other	(1,495)	(124)
	-----	-----
	(1,495)	(191)
	-----	-----
Net current assets/(liabilities)	7,203	(49)
Total assets less current assets/(liabilities)	11,518	250
Provisions for liabilities and charges	(15)	-
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Net Assets	11,503	250
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Capital and reserves		
Called up share capital	299	88
Share premium	12,991	-
Other reserve	842	638
Profit and loss account	(2,629)	(476)
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Equity shareholders' funds	11,503	250
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The interim financial statements were approved by the Board of Directors on 29 November 2004.

J Nicholas

Director

BIOFUELS CORPORATION PLC

Unaudited company balance sheet at 30 September 2004

	As at 30 September 2004 £
Fixed assets	
Tangible assets	3,401
Investment	92
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	3,493
Current assets	
Amounts due from subsidiary undertaking	8,125
Other debtors	607
Cash at bank and in hand	1,378
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	10,110
Creditors: amounts falling due within one year	(715)
Net current assets	9,395
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Net Assets	12,888
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Capital and reserves	
Called up share capital	299
Share premium	12,991
Profit and loss account	(402)
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Equity shareholders' funds	12,888
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The interim financial statements were approved by the Board of Directors on 29 November 2004.

J Nicholas
Director
BIOFUELS CORPORATION PLC

Unaudited consolidated cash flow statement for the period ended 30 September 2004

	6 months ended 30 September 2004 £'000	6 months ended 30 September 2003 £'000
Net cash outflow from operating activities	(1,727)	(123)
Returns on investments and servicing of finance		
Receipt of interest	76	-
Payment of loan interest	(7)	-
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Net cash outflow from returns on investments and servicing of finance	69	-
Net cash outflow from capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(4,019)	-
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Cash outflow before financing	(5,677)	(123)
Financing		
Issue of ordinary share capital	207	5
Share premium received on share issues, net of issue costs	12,989	248
Costs on issue of debt, not yet drawn	(795)	-
Other loans taken out	(67)	-
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Cash inflow from financing	12,334	253
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Increase in cash for the period	6,657	130
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BIOFUELS CORPORATION PLC

Notes to the interim financial statements for the period ended 30 September 2004

1 Accounting policies

The interim financial statements have been prepared on the basis of accounting policies consistent with those set out in the Biofuels Corporation plc group statutory accounts for the period ended 31 March 2004. The interim financial statements for the six months to 30 September 2004 are unaudited.

2 Reconciliation of operating loss to net cash flow from operating activities

	6 months ended 30 September 2004 £'000	6 months ended 30 September 2003 £'000
Operating loss	(1,834)	(138)
Depreciation	2	1
Increase in debtors	(1,130)	(5)
Increase in creditors	1,235	19
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Net cash flow from operating activities	(1,727)	(123)
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3 Publication of non-statutory accounts

The financial information contained in this interim statement does not constitute statutory accounts as defined in sections 240 of the Companies Act 1985. The financial information for the preceding period is extracted from the statutory accounts for the financial period ended 31 March 2004. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

This interim statement will be sent to the shareholders in due course and will be made available at the Company's registered office at Suite 611, Belasis Business Centre, Belasis Hall Technology Park, Coxwold Way, Billingham, Teeside, TS23 4EA.

4 Reserves

	Share premium account £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2004	-	842	(871)	(29)
Premium on shares issued net of issue costs	12,991	-	-	12,991
Retained loss for the period	-	-	(1,758)	(1,758)
	<u>12,991</u>	<u>842</u>	<u>(2,629)</u>	<u>11,204</u>

The other reserve is the difference between the aggregate of the issued share capital and the share premium account of Biofuels Corporation Trading Limited at the end of each period and the nominal value of shares issued by the Company in consideration for the acquisition of the entire share capital of Biofuels Corporation Trading Limited.