14 March 2011

Kedco plc
Interim results for the Half Year to 31 December 2010

Kedco plc, ("Kedco" or the "Company") the waste to energy group focusing on the production of clean energy in the UK, Ireland and Eastern Europe, announces today its interim results for the half year to 31st December 2010.

Key Operational Highlights

- Results in line with expectations.
- Tight control of cost base together with increased sales led to a significant reduction of the operating losses to €0.5 million (2009: €1.2 million).
- Planned capacity and efficiency increases at the Company's biomass wood processing plant in Vudlande in Latvia has resulted in an increase in revenues of 34 per cent. to €4.9million (2009: €3.6 million) for the six months under review
- Reported EBITDA for the Vudlande operation for the six months ended 31 December 2010 was €0.97 million.
- Secured access to project finance facility by Ulster Bank Group, a subsidiary of the Royal Bank of Scotland plc, to provide secured debt facilties in respect of the Company's biomass electricity and heat generating plant in Newry, Northern Ireland. Expected to enter in binding agreements shortly.
- New legislation expected gives significant additional opportunities and incentives for Anaerobic Digestion plants in Northern Ireland

Key Financial Highlights

- Revenues of €5.4 million (2009: €4.2 million) up 30 per cent. and in line with expectations
- Gross profit for the six months was €1.3 million (2009: €1.0 million) also representing a 30 per cent. growth on the prior year.
- Loss before tax for the six months was reduced to €1.4 million (2009: €1.6 million).

Post period-end

- Secured equity finance in aggregate of GBP£1.75 million from a variety of existing and new investors.
- Negotiated a €1.2 million debt facility to assist in short-term working capital requirements from the Company's 22.14 per cent. shareholder, Farmer Business Developments plc.

Donal Buckley, Chief Executive of Kedco, commented:

"The Company has made significant progress, in particular from the benefits of the planned expansion of the operations in Latvia. With the equity funding that we have raised and the loan facilities from an existing shareholder and a tier one bank, the Company is in a strong position to complete the installation of its first commercial waste to energy plant in Newry and to start the preparatory work on the facility in Enfield, North London. The successful raising of finance from a number of sources this year highlights the boards belief that Kedco remains well placed to benefit from the increasing levels of public incentives that are driving the Biomass sector.

We are a development company and our strategy remains to build, own and operate biomass power generating plants. The current pipeline of identified projects remains very strong and the Company will continue to focus its efforts on sourcing the finance necessary to realise these opportunities.

The Directors believe that economic conditions are improving but the tight credit markets could continue to have an impact on the availability of finance. We have continued to raise finance successfully during the period and we expect to continue to be successful in the coming period.

The outlook for 2011, whilst still challenging, is arguably more positive than for 2010. A positive legislative environment is essential to the success of a waste to energy business and the financial incentive 20 year programme launched recently by UK Energy Secretary, Chris Huhne has the potential to benefit a number of the projects that Kedco is developing.

In the board's view, policy support for Renewable Energy remains strong. We believe that the launch in the UK of the Renewable Heat Incentive in May 2011 and the expected legislation in Northern Ireland this month for up to 4 ROC's for *certain AD projects can add significant value to our biomass electricity and heat generating projects."*

- Ends -

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Chairman's Statement

I am pleased to report our interim results for the six months ended 31 December 2010.

Kedco's business strategy is to identify, develop, own, build and operate biomass electricity and heat generation plants in the UK and Ireland using two tried and tested technologies: gasification of wood and wood waste; and anaerobic digestion of either food or agricultural waste. Value is created as we move from one stage of a biomass power project to the next. When we secure a site, value is created; when we secure planning and permitting further value is created. Moving to financial close on projects and actual construction and operation in our view increases value substantially.

Since our last annual report we have made what we consider to be good progress in this regard by securing an offer of a project finance facility from Ulster Bank Group, a subsidiary of the Royal Bank of Scotland plc, to provide secured debt facilties in respect of the Company's biomass electricity and heat generating plant in Newry, Northern Ireland. We are currently working toward satisfying pre-conditions in relation to this facility and agreeing final legal documentation. We expect to enter into binding agreements shortly.

Ours continues to be a long-term goal that requires much up-front investment, effort and dedication. I am pleased with the progress that the Company has made in attracting further funding from a variety of respected sources including our largest shareholder. Whilst the market seems reluctant to accord value to project pipelines we believe that with the level of managerial expertise available to the Company and the easing of capital markets that allow development of our pipeline we can add significant potential value for shareholders in the future.

On behalf of the Board I would like to thank all Kedco employees for their continued commitment and achievements. I would also like to thank again our shareholders and funding partners for their continuing support of the Company's aims.

William Kingston
Non-Executive Chairman

Chief Executive's Report

Operational Review

The results for the six months to 31 December were in line with our expectations.

We are very pleased with the results we achieved in reducing operating losses. We have reduced and exercised tight control of our cost base and this together with increased sales has led to a reduction in operating losses to €0.5m from €1.2m for the same period last year.

The Company has successfully completed capacity and efficiency increases at its biomass wood processing plant in Vudlande, Latvia which resulted in revenues of €4.9million for the six months ended 31 December 2010, an increase of 32 per cent. over the comparable period (2009 revenues: €3.7 million). Reported EBITDA for the Vudlande operation for the six months ended 31 December 2010 was €0.97 million.

The economic climate continued to be challenging during the period. We sought to invest capital in developing customer and partner relationships and in furthering projects in the UK and Ireland. We have also continued to increase the pipeline of projects on which we are either in discussions in relation to our involvement, already working towards planning and permitting or a finished installation. While our strategy is to build, own and operate biomass power generating plants we would consider monetising the value of part or all of a project once the site and planning/permitting have been secured in order to finance additional projects that we have in our order book.

We welcome the recent decision by the European Union to approve the granting of up to four Renewable Obligation Certificates ("ROC's") for certain Anaerobic Digestion ("AD") plants in Northern Ireland, including those in the Company's project pipeline. We look forward to the Northern Ireland Assembly legislating for this incentive by the end of the month. We believe that this will add significant value to future AD projects.

The signing of a joint venture agreement with AgriKomp GmbH, a leading German supplier of biogas plants, with the aim of building and selling anaerobic digestion plants to convert primarily agricultural wastes into clean energy in the United Kingdom and Ireland should, in our view, give us a competitive advantage in the potentially lucrative Northern Ireland AD Market.

Financial review

The Company achieved revenues of €5.4 million for the six months to 31 December 2010. This is in line with management expectations and represents a 30 per cent. increase on the corresponding period in the prior year (2009 revenues: €4.2 million). Gross profit for the six months was €1.3 million also representing a 30 per cent. improvement on the prior year (2009 gross profit: €1.0 million) Loss before tax for the six months was €1.4 million (2009 loss before tax: €1.6 million)

We continue to manage our financial resources prudently. Cash and cash equivalents at the period end were €125,504.

Over the last two months the Company has secured an aggregate GBP£1,75 million from two placings with a variety of investors and agreed a €1.2 million debt facility to assist its short-term working capital requirements from its 22.14 per cent. shareholder, Farmer Business Developments plc. The Company will use the proceeds from these fundraisings for working capital purposes and for continuing investment in its portfolio of biomass projects.

The Company was offered a project finance facility by Ulster Bank Group, a subsidiary of the Royal Bank of Scotland plc, to provide secured debt facilties in respect of the Company's biomass electricity and heat generating plant in Newry, Northern Ireland. The facilities, which are subject to the satisfaction of certain pre-conditions, total £9.9m and the Company is currently working towards satisfying the pre-conditions and agreeing legal documentation. The Company anticipates entering into binding agreements shortly.

The board continues to pursue all means of maintaining adequate cash reserves and continues to manage its working capital position tightly. The interim financial information is prepared on a going concern basis as discussed in more detail in Note 2.

Outlook

We are a development company and our strategy remains to build, own and operate biomass power generating plants. The current pipeline of identified projects remains very strong and the Company will continue to focus its efforts on sourcing the finance necessary to realise these opportunities.

The Directors believe that economic conditions are improving but the tight credit markets could continue to have an impact on the availability of finance. We have continued to raise finance successfully during the period and we expect to continue to be successful in the coming period.

The outlook for 2011 whilst still challenging, is arguably more positive than for 2010. A positive legislative environment is essential for the success of a waste to energy business and the financial incentive 20 year programme launched recently by UK Energy Secretary, Chris Huhne has the potential tobenefit a number of the projects that Kedco is developing.

In the board's view, policy support for Renewable Energy remains strong. We believe that the launch in the UK of the Renewable Heat Incentive in May 2011 and the expected legislation in Northern Ireland this month for up to 4 ROC's for certain AD projects can add significant value to our biomass electricity and heat generating projects."

Donal Buckley
Chief Executive Officer

Condensed Consolidated Income Statement

For the six months ended 31 December 2010

	Notes	6 months ended 31 Dec 2010 €	6 months ended 31 Dec 2009 €
Revenue	5	5,410,046	4,156,130
Cost of sales		(4,099,367)	(3,124,275)
Gross profit		**1,310,679**	**1,031,855**
Operating expenses			
Administrative expenses		(1,764,250)	(2,203,003)
Other operating income		3,105	–
Operating loss	**5**	**(450,466)**	**(1,171,148)**
Finance costs		(793,979)	(432,990)
Share of losses of joint ventures after tax	11	(201,029)	–
Finance income		13,086	1,900
Loss before taxation		(1,432,388)	(1,602,238)
Income tax expense	6	(13,353)	68,410
Net loss		**(1,445,741)**	**(1,533,828)**
Attributable to:			
Equity holders of the parent		(1,575,679)	(1,606,976)
Minority interest		129,938	73,148
		(1,445,741)	**(1,533,828)**

	Notes	6 months ended 31 Dec 2010 Euro per share	6 months ended 31 Dec 2009 Euro per share
Basic loss per share:			
From continuing operations	7	**(0.006)**	**(0.007)**
Diluted loss per share:			
From continuing operations	7	**(0.005)**	**(0.006)**

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2010

	Notes	6 months ended 31 Dec 2010 €	6 months ended 31 Dec 2009 €
Loss for the period		**(1,445,741)**	**(1,533,828)**
Other comprehensive income			
Exchange differences arising on translation of foreign operations		7,962	(3,934)
Other comprehensive income for the period		**7,962**	**(3,934)**
Total comprehensive income for the period		**(1,437,779)**	**(1,537,762)**
Total comprehensive income attributable to:			
Equity holders of the parent		(1,567,717)	(1,610,910)
Minority interest		129,938	73,148
		(1,437,779)	**(1,537,762)**

Condensed Consolidated Statement of Position

As at 31 December 2010

	Notes	As at 31 Dec 2010 €	As at 30 June 2010 €
ASSETS			
Non-current assets			
Goodwill	8	549,451	549,451
Intangible assets		29,419	71,995
Property, plant and equipment	9	5,667,299	5,570,812
Financial assets		1,315,000	990,000
Share of net assets of jointly controlled entities	11	-	207,109
Total non-current assets		**7,561,169**	**7,389,367**
Current assets			
Inventories		1,592,192	1,610,015
Amounts due from customers under construction contracts	12	9,453,752	9,291,911
Trade and other receivables		2,544,563	2,511,302
Cash and cash equivalents		125,504	116,753
Total current assets		**13,716,011**	**13,529,981**
Total assets		**21,277,180**	**20,919,348**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	3,239,407	3,239,407
Share premium		17,410,077	17,410,077
Share-based payment reserve		410,482	328,383
Retained earnings – deficit		(19,207,228)	(17,639,511)
Equity attributable to equity holders of the parent		1,852,738	3,338,356
Minority interest		765,788	635,850
Total equity		**2,618,526**	**3,974,206**
Non-current liabilities			
Borrowings	14	9,632,090	6,749,672
Deferred income – government grants		50,653	50,653
Finance lease liabilities		2,568	4,693
Share of net liabilities of jointly controlled entities	11	14,179	-
Deferred tax liability		141,529	128,176
Total non-current liabilities		**9,841,019**	**6,933,194**
Current liabilities			
Amounts due to customers under construction contracts	12	1,285,948	1,302,357
Trade and other payables		5,854,635	6,221,514
Borrowings	14	1,670,629	2,445,265
Deferred income – government grants		857	6,009
Finance lease liabilities		5,566	36,803
Total current liabilities		**8,817,635**	**10,011,948**
Total equity and liabilities		**21,277,180**	**20,919,348**

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2009 and the six months ended 31 December 2010

	Share capital €	**Share premium €**	**Retained earnings €**	**Share-based payment reserve €**	**Sub-total Attributable to equity holders of the parent €**	**Minority Interest €**	**Total equity €**
Balance at 1 July 2009	3,065,807	15,096,219	(14,252,107)	164,188	4,074,107	490,467	4,564,574
Issue of Ordinary Shares in Kedco plc	173,600	2,313,858	–	–	2,487,458	–	2,487,458
Loss for the year	–	–	(1,606,976)	–	(1,606,976)	73,148	(1,533,828)
Unrealised foreign exchange loss	–	–	(3,934)	–	(3,934)	–	(3,934)
Share-based payment	–	–	–	82,098	82,098	–	82,098
Balance at 31 December 2009	**3,239,407**	**17,410,077**	**(15,863,017)**	**246,286**	**5,032,753**	**563,615**	**5,596,368**
Balance at 1 July 2010	3,239,407	17,410,077	(17,639,511)	328,383	3,338,356	635,850	3,974,206
Loss for the year	–	–	(1,575,679)	–	(1,575,679)	129,938	(1,445,741)
Unrealised foreign exchange gain	–	–	7,962	–	7,962	–	7,962
Share-based payment	–	–	–	82,099	82,099	–	82,099
Balance at 31 December 2010	**3,239,407**	**17,410,077**	**(19,207,228)**	**410,482**	**1,852,738**	**765,788**	**2,618,526**

Condensed Consolidated Cashflow Statement

For the year ended 30 June 2010

	Notes	6 months ended 31 Dec 2010 €	6 months ended 31 Dec 2009 €
Cash flows from operating activities			
Loss before taxation		(1,432,388)	(1,602,238)
Adjustments for:			
Share-based payments		82,099	82,098
Depreciation of property, plant and equipment		318,650	324,436
Amortisation of intangible assets		42,576	42,704
Profit on disposal of property, plant and equipment		(2,893)	(823)
Unrealised foreign exchange (loss)/gain		28,223	(3,934)
Decrease in provision for impairment of trade receivables		(3,292)	(329,040)
Decrease in provision for impairment of inventories		(852)	(23,142)
Decrease in deferred income		(5,152)	(9,882)
Share of losses of jointly controlled entities after tax		201,029	–
Interest expense		793,979	432,990
Interest income		(13,086)	(1,900)
Operating cash flows before working capital changes		8,893	(1,088,731)
Increase in:			
Amounts due from customers under construction contracts		(161,841)	(1,217,410)
(Increase)/decrease in			
Trade and other receivables		(32,343)	765,857
Decrease/(increase) In			
Inventories		18,675	(463,489)
(Decrease)/increase in			
Amounts due to customers under construction contracts		(16,409)	272,222
Decrease in:			
Trade and other payables		(396,720)	(368,913)
		(579,745)	(2,100,464)
Income taxes paid		(699)	(18,000)
Net cash used in operating activities		**(580,444)**	**(2,118,464)**
Cash flows from investing activities			
Additions to property, plant and equipment		(415,137)	(117,451)
Proceeds from sale of property, plant and equipment		2,893	823
Additions to investments in jointly controlled entities		(325,000)	–
Interest received		13,086	5,417
Net cash used in investing activities		**(724,158)**	**(111,211)**
Cash flows from financing activities			
Proceeds from borrowings		3,873,266	745,785
Repayments of borrowings		(1,863,126)	(510,975)
Proceeds from issuance of Ordinary Shares		–	2,473,437
Payments of finance leases		(33,362)	(55,268)
Interest paid		(264,940)	(441,722)
Net cash from financing activities		**1,711,838**	**2,211,257**
Net increase/(decrease) in cash and cash equivalents		407,236	(18,418)
Cash and cash equivalents at the beginning of the financial period		(557,017)	(1,030,934)
Cash and cash equivalents at the end of the financial period		**(149,781)**	**(1,049,352)**

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2010

1. GENERAL INFORMATION

Kedco plc (‘the Company’) was incorporated in Ireland on 2 October 2009. The address of its registered office and principal place of business is Unit 6, Portgate Business Park, Monkstown, Co. Cork.

The principal activities of the Group are as follows:

- acts as project developer for power plants that convert Waste and Biomass to Clean Power using Anaerobic Digestion, Gasification and Biomass Combustion; and
- wholesaling wood and other biomass materials.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are in compliance with International Accounting Standard (IAS) 34 *Interim Financial Reporting.*

The interim condensed consolidated financial statements are presented in Euro and have been prepared under the historical cost convention.

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of contingent assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised, If the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

As described in the Chief Executive’s Report, the Company continues to invest capital in developing customer and partner relationships in the UK and Ireland. The Company has also continued to develop and expand its pipeline of projects. These activities together with the current challenging economic environment have resulted in the Company continuing to report losses for the six months to 31 December 2010.

Since 31 December 2010, the Company has secured GBP£1,750,000 from placings with a variety of investors and has secured a €1,200,000 debt facility, of which €400,000 was drawn down at 31 December 2010, to assist its short-term working capital requirements from its 22.14% shareholder, Farmer Business Developments plc. The Company was also offered a project finance facility by Ulster Bank Group, a subsidiary of the Royal Bank of Scotland plc, to provide secured debt facilties in respect of the Company’s biomass electricity and heat generating plant in Newry, Northern Ireland. The facilities, which are subject to the satisfaction of certain pre-conditions, total £9.9m and the Company is currently working towards satisfying the pre-conditions and agreeing legal documentation. The Company anticipates entering into binding agreements shortly. The Directors continue to institute measures to preserve cash and will continue to seek additional finance.

The financial statements have been prepared on a going concern basis. The Directors have given careful consideration to the appropriateness of the going concern concept in the preparation of the financial statements. The validity of the going concern concept is dependent upon finance being available for the Company’s working capital requirements and for the continued investment in the Company’s strategy of identifying, developing, building and operating power generating plants so that the Group can continue to realise its assets and discharge its liabilities in the normal course of business. Whilst the strategy is to build, own and operate plants, once a site has been secured and planning and permitting obtained the Company would be in a position, if it so chose, to monetise the value of the project. The financial statements do not include any adjustments that would result should the above conditions not be met.

After making enquiries and considering the items referred to above, the Directors believe that solid progress towards securing finance has been and is being made and that, whilst there is no guarantee that future investment will be forthcoming, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The interim financial information for both the six months ended 31 December 2010 and the comparative six months ended 31 December 2009 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 30 June 2010 represents an abbreviated version of the Group’s financial statements for that year. Those financial statements contained an unqualified audit report and have been filed with the Registrar of Companies.

The interim condensed consolidated financial statements has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2010

3. BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements include the financial statements of the Company and all subsidiaries. The financial period ends of all entities in the Group are coterminous.

The financial statements of subsidiaries are included in the interim condensed consolidated financial statements from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain economic benefits from its activities.

All inter-company balances and transactions, including unrealised gains arising from inter-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as unrealised gains except to the extent that they provide evidence of impairment.

The interest of minority shareholders in the acquiree is measured at the minority's proportion of the fair value of the assets, liabilities and contingent liabilities recognised.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used in preparing the Interim condensed consolidated financial information are unchanged from those disclosed In the Annual Report and Accounts of Kedco plc for the year ended 30 June 2010.

5. SEGMENT INFORMATION

The Group's has adopted IFRS8 *Operating Segments* with effect from 1 July 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (IAS 15 *Segment Reporting)* required an entity to identify two sets of segments (business and geographical), using a risks and return approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

In prior years, segment information reported externally was analysed on the basis of its two operating segments: Kedco Power Limited and Kedco Energy Limited. However, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focussed on the products sold to customers. The Group's reportable segments under IFRS 8 are therefore as follows:

Power Generation: Being the supply of technologies including anaerobic digestion, gasification and biomass heating;

Wood Products: Being the production of sawn timber, realisation of wood and the supply of wood chips; and

Renewable Energy Solutions: Being the supply of combined heat and power units, domestic boilers, solar panels and other related products.

The chief operating decision maker is the Chief Executive.

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2010

5. SEGMENT REPORTING (CONTINUED)

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

By business segment:

	Segment Revenue		Segment Profit/(Loss)	
	6 Months ended 31.12.2010	6 Months ended 31.12.2009	6 Months ended 31.12.2010	6 Months ended 31.12.2009
	€	€	€	€
Power Generation	44,831	22,950	(510,848)	(695,365)
Wood Products	4,878,696	3,632,692	691,592	329,177
Renewable Energy Solutions	486,519	500,488	(115,154)	(157,217)
Total from continuing operations	**5,410,046**	**4,156,130**	**65,590**	**(523,405)**
Central administration costs and directors' salaries			(516,056)	(647,743)
Share of losses of joint ventures			(201,029)	–
Finance costs			(793,979)	(432,990)
Finance income			13,086	1,900
Loss before taxation (continuing operations)			**(1,432,388)**	**(1,602,238)**

Revenue reported above represents revenue generated from external customers. Inter-segment sales for the six months ended 31 December 2010 amounted to €4,200 (2009: €17,537). No customers account for more than 10% of revenue.

Segment profit or loss represents the profit or loss earned by each segment without allocation of central administration costs and directors' salaries, share of losses of jointly controlled entities, investment revenue and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Other segment information:

	Depreciation and amortisation		Additions to non-current assets*	
	6 Months ended 31.12.2010	6 Months ended 31.12.2009	6 Months ended 31.12.2010	6 Months ended 31.12.2009
	€	€	€	€
Power Generation	13,285	9,787	180	5,153
Wood Products	276,933	288,429	414,957	111,848
Renewable Energy Solutions	29,773	27,689	-	450
Central administration	41,235	41,235	-	-
	361,226	**367,140**	**415,137**	**117,451**

The Group operates in three principal geographical areas: Republic of Ireland (country of domicile), Latvia and the rest of Europe. The Group's revenue from continuing operations from external customers and information about its non-current assets* by geographical location are detailed below:

	Revenue from external customers		Non-current assets*	
	6 Months ended 31.12.2010	6 Months ended 31.12.2009	As at 31.12.2010	As at 30.06.2010
	€	€	€	€
Republic of Ireland	521,465	479,298	1,270,129	1,354,243
Latvia	4,878,696	3,632,692	4,976,040	4,838,015
Rest of Europe	9,885	44,140	-	-
	5,410,046	**4,156,130**	**6,246,169**	**6,192,258**

* Non-current assets excluding financial instruments and investments in jointly controlled entities.

The management information provided to the chief operating decision maker does not include an analysis by reportable segment of assets and liabilities and accordingly no analysis by reportable segment of total assets or total liabilities is disclosed.

6. INCOME TAX

	6 months ended 31 December 2010	6 months ended 31 December 2009
	€	€
Income Tax	–	–
Deferred Tax	13,353	(68,410)
Income Tax Expense	**13,353**	**(68,410)**

An income tax charge does not arise for the six months ended 31 December 2010 or 31 December 2009 as the effective tax rate applicable to expected total annual earnings is Nil as the Group has sufficient tax losses coming forward to offset against any taxable profits. A deferred tax asset has not been recognised for the losses coming forward.

7. LOSS PER SHARE

	6 months ended 31 December 2010	6 months ended 31 December 2009
	Euro per share	Euro per share
Basic loss per share		
From continuing operations	**(0.006)**	**(0.007)**
Diluted loss per share		
From continuing operations	**(0.005)**	**(0.006)**

Basic Loss Per Share
The loss and weighted average number of Ordinary Shares used in the calculation of the basic loss per share are as follows:

	6 months ended 31 December 2010	6 months ended 31 December 2009
	€	€
Loss for year attributable to equity holders of the parent	(1,445,741)	(1,533,828)
Weighted average number of Ordinary Shares for the purposes of basic loss per share	224,822,657	216,142,651

Diluted Loss Per Share
The loss used in the calculation of all diluted earnings per share measures is the same as those for the equivalent basic earnings per share measures, as outlined above.

The weighted average number of Ordinary Shares for the purposes of diluted loss per share reconciles to the weighted average number of Ordinary Shares used in the calculation of basic loss per share as follows:

	6 months ended 31 December 2010	6 months ended 31 December 2009
Weighted average number of Ordinary Shares used in the calculation of basic loss per share	224,822,657	216,142,651

Shares deemed to be issued in respect of long-term incentive plan	49,256,332	49,256,332
Weighted average number of Ordinary Shares used in the calculation of diluted earnings per share	**274,078,989**	**265,398,983**

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2010

7. LOSS PER SHARE (CONTINUED)

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

December 2009	**6 months ended 31 December 201031**	**6 months ended**
Share warrants	21,011,519	5,905,764
Convertible preference shares	3,125,000	-
Convertible loans	5,000,000	-

As noted in note 15 below, 30,459,259 ordinary shares were issued after the period end. If these shares were in issue prior to 31 December 2010, they would have affected the calculation of the weighted average number of shares in issue for the purposes of calculating both the basic earnings per share and diluted earnings per share by 5,076,543 (assuming the shares were issued in December 2010).

8. GOODWILL

	At 31 December 2010 €	**At 30 June 2010 €**
Balance at beginning and end of the year	**549,451**	**549,451**

Goodwill arose on the acquisition of an 80% shareholding in SIA Vudlande, a limited liability company incorporated in Latvia as disclosed in Note 10. Goodwill was allocated to the Latvian CGU within the Kedco Energy segment.

Annual Test for Impairment
During the financial year/period presented, the Group assessed the recoverable amount of goodwill and determined that the goodwill associated with the acquisition of SIA Vudlande was not impaired.

The full amount of goodwill for impairment testing purposes relates to the SIA Vudlande cash-generating unit. The principal activities of SIA Vudlande are the processing of wood, sawn timber production and wood realisation. SIA Vudlande has maintained its position in the competitive Latvian market as the company has access to continuous raw material input and as it has the flexibility to produce different types of sawn material. Development which has been undertaken in SIA Vudlande has expanded the production capacity of the company. The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections from financial budgets approved by the Directors for a five-year period.

The cash flow forecasts employed for the value-in-use comparisons are based on budgeted figures for the first year and on a three-year forecast approved by the Board for the following three years. Cash flow is then projected forward for the following ten years based on an assumed growth of 3% per annum. The discount factors applied to future cash flows range from 9% to 12% which reflects the risk associated with this cash-generating unit.

The key assumptions used in the value-in-use calculations for the SIA Vudlande cash-generating unit are:

(a) Budgets growth forecasts: A growth forecast of 3% per annum, which is consistent with the directors' plans for focusing operations in this market. The directors believe that the planned budget growth of 3% per annum for the next 10 years is reasonably achievable.
(b) Budgeted gross margins: Average gross margins achieved in the period immediately preceding the budget period, increased for expected efficiency improvements. This reflects past experience, except for efficiency improvements. The directors believe efficiency improvements of 3-5% per annum are reasonably achievable.
(c) Raw materials price inflation: Forecast consumer price indices during the budget period in Latvia. The values assigned to the key assumptions are consistent with external sources of information.

The directors believe that any reasonably possible change in key assumptions on which the value-in-use is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. A 1% increase in the discount rate would not result in an impairment charge for the periods presented.

No impairment losses have arisen in any financial period to date.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group invested €414,957 in Improving the efficiency of its biomass wood processing plant in Latvia. This investment was financed through debt.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2010

10. SUBSIDIARIES

Details of Kedco plc subsidiaries at 31 December 2010 are as follows:

Name	**Country of incorporation**	**Shareholding**	**Principal activity**
Kedco Block Holdings Limited	Republic of Ireland	100%	Investment company
Kedco Power Limited	Republic of Ireland	100%	Provision of energy solutions
Kedco Block Limited	United Kingdom	100%	Contracting company
Granig Trading Limited	Republic of Ireland	100%	Dormant company
SIA Vudlande	Latvia	80%	Wood processing & sawn material production
Castle Home Supplies Limited	Republic of Ireland	100%	Dormant company
Kedco Energy Limited	Republic of Ireland	100%	Provision of energy solutions
Kedco Investment Co (No.1) Limited	Republic of Ireland	100%	Investment company
Kedco Investment Co (No.2) Limited	Republic of Ireland	100%	Investment company
Kedco Fabrication Limited	Republic of Ireland	100%	Contracting company
Kedco Group Holdings USA Inc.	United States of America	100%	Dormant company
Ardstown Investments Limited	Republic of Ireland	100%	Dormant company

The shareholding in each company above is equivalent to the proportion of voting power held.

SIA Vudlande is a limited liability company registered in Latvia. Shares in SIA Vudlande are held by Kedco Block Limited, a wholly owned subsidiary incorporated in the United Kingdom under a trust deed with Kedco Block Holdings Limited. Kedco Block Limited acknowledges holding shares upon trust for Kedco Block Holdings Limited 'the beneficial owner'. All dividends and interest accrued or to accrue upon same, including bonuses, rights and other privileges shall be transferred, paid, or dealt with in such manner as the beneficial owner shall from time to time direct.

At 30 June 2010, the Group held a 100% interest in Kedco Agrikomp Limited and Agrikomp Limited and accounted for the investment as a subsidiary. In July 2010, the Group transferred a 50% interest to a third party for proceeds of €1, realising neither a profit nor a loss. The Group has retained the remaining 50% interest as an interest in a jointly controlled entity.

11. INTERESTS IN JOINTLY CONTROLLED ENTITIES

Details of the Group's interests in jointly controlled entities are as follows:

Name of jointly controlled entity	**Country of incorporation**	**Shareholding**	**Principal activity**
Best Kedco Limited	Northern Ireland	50%	Energy utility company
Kedco Howard Limited	United Kingdom	50%	Energy utility company
Kedco Agrikomp Limited	Republic of Ireland	50%	Investment company
Agrikomp UK Limited	Republic of Ireland	50%	Energy utility company
Agrikomp Limited	United Kingdom	50%	Energy utility company
Asdee Renewables Limited	Republic of Ireland	50%	Energy utility company
Bridegreen Energy Limited	Republic of Ireland	50%	Energy utility company

Apart from Best Kedco Limited, Agrikomp Limited and Agrikomp UK Limited, none of the above companies have commenced trading as of 31 December 2010.

The Company has entered into a guarantee in respect of Kedco Howard Limited in relation to the due and proper performance of its duties and obligations under the joint venture agreement. Kedco Investment Co (No. 1) Limited has entered into a put and call option agreement and a second call option agreement relating to the shares in Kedco Howard Limited during the year ended 30 June 2010. Under the put and call option agreement, Kedco Investment Co (No. 1) Limited may be required to purchase the remaining 50% of shares in Kedco Howard Limited for €510,000. Under the second call option agreement, Kedco Investment Co (No. 1) Limited may be required to sell 50% of the shares it acquired, under the put and call option agreement, in Kedco Howard Limited for €1,510,000.

The put and call option was exercised by the joint venture partner on 20 June 2010. Under a new option agreement made on 15 July 2010, the option price was changed to €1,510,000. The joint venture partner can call this option at any time to 30 June 2011.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2010

11. INTERESTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

Summarised financial information in respect of the Group's interests in jointly controlled entities are as follows:

	31 December 2010 €	**30 June 2010 €**
Non-current assets	1,463	1,754
Current assets	2,977,064	2,955,250
Current liabilities	(3,006,885)	(2,542,785)
Net (liabilities)/assets	**(28,358)**	**414,219**
Group's share of net (liabilities)/assets of jointly controlled entities	**(14,179)**	**207,109**

	6 months ended 31 December 2010 €	**6 months ended 30 June 2010 €**
Total revenue	104,300	-
Total expenses	(506,357)	-
Total loss for the period	**(402,057)**	**-**
Group's share of losses of jointly controlled entities	**(201,029)**	**-**

12. CONSTRUCTION CONTRACTS

Contracts in progress at the balance sheet date

	At 31 December 2010 €	**At 30 June 2010 €**
Construction costs incurred	9,453,752	9,291,911
Less payment received in advance	(1,285,948)	(1,302,357)
	8,167,804	**7,989,554**
Recognised and included in the financial statements as amounts due		
From customers under construction contracts	9,453,752	9,291,911
To customers under construction contracts	(1,285,948)	(1,302,357)
	8,167,804	**7,989,554**

Construction costs incurred relate to advance payments to equipment and other suppliers for an electricity generating project, which construction the Group is currently engaged in.

At 31 December 2010, retentions held by customers for contract work amounted to €Nil (30 June 2010: €Nil). Advances received from customers for contract work amounted to €1,285,948 (30 June 2010: €1,302,357).

Of the balance of €9,453,752 (30 June 2010: €9,291,911), €8,815,707 (30 June 2010: €8,644,764) relates to the construction of a 4MW gasification plant in Newry, Northern Ireland. The principal customer for this contract is Best Kedco Limited, a jointly controlled entity of the Group. The directors of the Group have been offered a project finance facility by Ulster Bank Group, a subsidiary of the Royal Bank of Scotland plc, to provide secured debt facilties in respect of the the 4MW gasification plant in Newry, Northern Ireland. The facilities, which are subject to the satisfaction of certain pre-conditions, total £9.9m and the Group is currently working towards satisfying the pre-conditions and agreeing legal documentation. The Group anticipates entering into binding agreements shortly. The directors of the Group are satisfied, from this review, that the Group's exposure to credit risk with respect to the above projects are manageable.

13. SHARE CAPITAL

	Authorised Number	Allotted and called up Number	Authorised €	Allotted and called up €
At 31 December 2010				
Ordinary shares of €0.01 each	10,000,000,000	224,822,657	100,000,000	2,248,227
A shares of €0.01 each	10,000,000,000	99,117,952	100,000,000	991,180
				3,239,407

	Authorised Number	Allotted and called up Number	Authorised €	Allotted and called up €
At 30 June 2010				
Ordinary shares of €0.01 each	10,000,000,000	224,822,657	100,000,000	2,248,227
A shares of €0.01 each	10,000,000,000	99,117,952	100,000,000	991,180
				3,239,407

The holders of the Ordinary Shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the company. All Ordinary Shares are fully paid up, with the exception of €40,000 which is included in trade and other receivables.

Movements in the six months to 31 December 2010

There were no movements in the issued share capital of the Company in the current interim reporting period.

14. BORROWINGS

On 5 July 2010, the Group raised €3,188,671 from the issue of 3,588,583 zero-coupon, secured loan notes. These loan notes have a subscription price of GBP£0.72 and will be redeemed at par (being GBP£1.00) two years from the date of issue (or earlier on the occurrence of certain events including a sale of the Company.

The Group also secured a facility to assist its short-term working capital requirements from its 22.14% shareholder, Farmer Business Developments plc. As at 31 December 2010, the company had drawn down €400,000 of this facility. The interest rate on this facility is 10% per annum on outstanding capital balances.

15. EVENTS SINCE THE BALANCE SHEET DATE

On 25 January 2011, Kedco plc issued 15,200,000 Ordinary shares of €0.01 from a placing with a variety of investors, realising GBP 750,000 (gross). The proceeds from this placing will be used for working capital purposes.

On 16 February 2011, Kedco plc issued 15,259,259 Ordinary shares of €0.01 from a placing with a variety of investors, realising GBP 1,000,000 (gross). The company also secured a €1.2 million facility to assist its short-term working capital requirements from its 22.14% shareholder, Farmer Business Developments plc. As at 31 December 2010, the company had drawn down €400,000 of this facility. The interest rate on this facility is 10% per annum on outstanding capital balances. The proceeds from the placing and facility will be used for working capital purposes and for continuing investment in its portfolio of biomass projects.

16. RELATED PARTY TRANSACTIONS

As described in note 14 above, the Group raised €3,188,671 from the issue of 3,588,583 zero-coupon, secured loan notes. The following Kedco plc directors have subscribed for the following loan notes pursuant to the aforementioned placing:

investor	Number of loan notes subscribed	Number of warrants to be received
Eddie Barrett	459,264	1,377,792
Diramuid Lynch	96,569	289,707

Notes to the Condensed Consolidated Financial Statements (continued)
For the six months ended 31 December 2010

16. RELATED PARTY TRANSACTIONS (continued)

The Group also secured a facility to assist its short-term working capital requirements from its 22.14% shareholder, Farmer Business Developments plc. As at 31 December 2010, the company had drawn down €400,000 of this facility. The interest rate on this facility is 10% per annum on outstanding capital balances.

17. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 31 December 2010, which comply with IAS 34, were approved by the Board of Directors on 11 March 2011.

Copies of these interim results will be available on the Company's website: www.kedco.com