31 March 2009

Kedco plc

Interim results for the Half Year to 31 December 2009

Kedco plc ("Kedco" or the "Company"), an Irish-based energy group focusing on green energy production in the UK, Ireland and Eastern Europe, announces today its interim results for the half year to 31st December 2009.

Key Operational Highlights

- Project Joint Venture and 20 year lease signed for 4 megawatt ("MW") gasification plant located in Newry, Northern Ireland which has full permitting approval.
- Kedco has invested in excess of £5 million in the project to date and site construction is almost complete.
- One 2MW gasification unit for the Newry plant has been shipped from preferred suppliers in the US.
- Kedco generating electricity for sale to national grid from 75 kilowatt ("KW") containerised gasifier located in Cork.
- Significant advancements made in the Company's strategy of deploying smaller anaerobic digestion, ranging from 75 KW to 500KW, in the United Kingdom and Ireland.
- Completed factory acceptance of 2 MW gasifier and produced gas of sufficient quantity and quality to meet the engine specifications for power generation.

Key Financial Highlights

- Revenues of €4.2 million in line with management's expectations and 28% up on the prior year comparable period (2008: €3.2 million)
- Loss for the period reduced to €1.5 million representing a 50% improvement on the prior year comparable period (2008 loss: €3.0 million).
- Additional capital of €3.1 million (before expenses) sourced from a variety of institutional investors and the Irish Government during the period.

Donal Buckley, Chief Executive of Kedco, commented:

"Kedco continues to progress its strategy of generating electricity and power from Biomass sources. Having successfully generated electricity from the smaller gasification plant located in Cork our priority now is to generate electricity from the gasification plant in Newry before the end of the calendar year. We will continue to progress our pipeline of large scale biogas projects and to advance our strategy of deploying smaller anaerobic digestion and gasification plants to the marketplace."

For additional information please contact:

Kedco plc **+353 (0)21 467 0427**

Donal Buckley, Chief Executive
Gerry Madden, Finance Director

Deloitte Corporate Finance – Nomad **+44 (0)20 7936 3000**

Jonathan Hinton / David Smith

Lewis Charles Securities Ltd. **+44 (0)20 7456 9100**

David Lawman

Beaufort International Associates Ltd. **+44 (0)20 7930 8222**

Kealan Doyle / Nicholas Nicolaides

Chairman's Statement

I am pleased to report our interim results for the six months ended 31 December 2009. Since our last annual report we have made what we consider to be good progress in our strategy to generate shareholder value from the sale and operation in partnership of biomass waste-to-energy power plants.

Kedco's business strategy is to design, build and operate power plants with an output greater than 1MW using two tried and tested technologies: gasifiation of wood and wood waste; and anaerobic digestion of either food or agricultural waste.

A key element of our business model is to establish relationships with medium-sized waste operators, food companies, agricultural operators and local municipal authorities who can act as feedstock and site providers. We have advanced a number of these relationships since our last annual report including the signing of a joint venture agreement and site lease in relation to the gasification project located in Newry, Northern Ireland in December 2009.

We believe that growing regulation and legislation in respect of the renewable energy requirements of the jurisdictions in which we operate continues to support the marketability of our business model and the validity of our long-term strategy.

We had set ouselves a challenging milestone of generating electricity by the end of 2009. Whilst we have generated electricity from a 75KW containerised gasifier for sale to the grid in Cork, we now expect to generate electricity in the 4MW Newry plant in the second half of 2010. This remains an important objective for us.

Ours continues to be a long-term goal that, as we stated in our last annual report, requires much up-front investment, effort and dedication. I am pleased with the progress the Company has made this half year in attracting further funding from a variety of respected sources including the Irish Government.

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. I am particularly pleased with the performance of our business in Latvia, which saw an increase in sales and in profitability on the comparable period last year. We have exercised tight control of our cost base and this together with increased sales has led to a reduction in losses of 50 per cent. on the same period last year.

The current economic climate has been challenging but during the period, we continued to invest capital in developing customer and partner relationships and in furthering projects in the UK and Ireland. We have also continued to build up the pipeline of projects on which we are either planning our involvement or already working towards a finished installation.

Continued progress was made towards the Company's objective of commencing electricity generation at the 4 megawatt ("MW") gasification project located in Newry, Northern Ireland including the signing of a joint venture agreement, and a 20 year lease on the site. The project joint venture entity has full permitting approval for the project. As previously announced the board now expects the plant to be commissioned before the end of the calendar year conditional on receipt of additional project finance. Kedco has already invested approximately €5.9 million into the project.

Kedco has taken delivery of a 75KW containerised gasifier which has been commissioned and is operational at its headquarters in Cork and is currently being used to generate electricity from biomass which is sold to the national grid. This plant is acting as a demonstration site for the UK and European markets.

Financial review

Revenues in the first half to 31 December 2009 related entirely to the Kedco Energy division and increased to €4.2 million, an increase of 28 per cent. when compared with the corresponding period for the prior year. The loss for the period was €1.5 million (2008: €3.0 million). This represents a reduction of 50 per cent. when compared to the comparable period for the prior year. This loss continues to include costs that reflect the Company's continued use of resource to grow and execute the electricity generating business in line with the Company's stated strategy.

We continue to manage our financial resources prudently. Cash and cash equivalents at the period end were €333,238.
The Company has in the last month issued Convertible Loan Note instruments to a number of investors totaling €630,000. The term of these notes ranges from 5 to 6 months and the conversion price is 10c per share.

The board is currently engaged in advanced discussions with a number of different parties around the potential investment of equity and/or debt finance into the Company. The board remains confident that suitable investment will be secured. The board continues to pursue alternative 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 believe that the outlook for Kedco in the waste-to-energy market is extremely positive. The twin drivers of regulation in relation to waste disposal and legislation in relation to the generation of renewable electricity, could significantly enhance the performance of the Company in the future.

Looking forward to the remainder of the year, we consider the main areas of uncertainty to be the impact of the tightening in credit markets on the cost and availability of finance for new projects. With this in mind the business has continued to exercise tight control over its cost base. As we said in our last annual report, in order to scale up and accelerate the development of our project pipeline, there will be a need for us to increase the scale and timing of our fund-raising activities. As our operational assets mature, we expect to be able to secure more readily bank finance to fund the initial development of new projects. In the interim, we will continue to have a requirement for equity and/or hybrid debt capital. In this regard, Kedco believes it is prudent to consider all available funding options and the Company will continue to execute to its strategy, where appropriate, of seeking to raise additional finance by way of equity or structured debt instruments.

The long-term outlook for our business model remains positive, supported by an ever increasing amount of regulatory pressure in favour of localised, targeted green-energy solutions. The Board and management of Kedco looks forward to the future with confidence.

Donal Buckley
Chief Executive Officer

Condensed Consolidated Income Statement

For the six months ended 31 December 2009

	Notes	6 months ended 31 Dec 2009 €	6 months ended 31 Dec 2008 €
Revenue	5	4,156,130	3,220,751
Cost of sales		(3,124,275)	(2,722,957)
Gross profit		**1,031,855**	**497,794**
Operating expenses			
Administrative expenses:			
Once off listing expenses		–	(946,024)
Other		(2,203,003)	(2,356,953)
		(2,203,003)	(3,302,977)
Operating loss	**5**	**(1,171,148)**	**(2,805,183)**
Finance costs		(432,990)	(323,834)
Finance income		1,900	99,187
Loss before taxation		(1,602,238)	(3,029,830)
Income tax expense	6	68,410	–
Net loss		**(1,533,828)**	**(3,209,830)**
Attributable to:			
Equity holders of the parent		(1,606,976)	(2,989,249)
Minority interest		73,148	(40,581)
		(1,533,828)	**(3,029,830)**

	Notes	12 months ended 30 June 2009 Euro per share	6 months ended 31 Dec 2008 Euro per share
Basic loss per share:			
From continuing operations	7	**(0.007)**	**(0.017)**
Diluted loss per share:			
From continuing operations	7	**(0.006)**	**(0.015)**

Condensed Consolidated Balance Sheet

As at 31 December 2009

	Notes	As at 31 Dec 2009 €	As at 30 June 2009 €
ASSETS			
Non-current assets			
Goodwill	8	549,451	549,451
Intangible assets		114,605	157,309
Property, plant and equipment	9	5,931,951	6,138,936
Share of gross assets of jointly controlled entities	11	1,350,189	1,000,593
Total non-current assets		**7,946,196**	**7,846,289**
Current assets			
Inventories		1,813,955	1,327,324
Trade and other receivables	12	10,182,664	9,395,782
Cash and cash equivalents		333,238	340,242
Total current assets		**12,329,857**	**11,063,348**
Total assets		**20,276,053**	**18,909,637**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	3,239,407	3,065,807
Share premium		17,410,077	15,096,219
Share-based payment reserve		246,286	164,188
Retained earnings – deficit		(15,863,017)	(14,252,107)
Equity attributable to equity holders of the parent		5,032,753	4,074,107
Minority interest		563,615	490,467
Total equity		**5,596,368**	**4,564,574**
Non-current liabilities			
Borrowings		6,981,030	6,746,220
Deferred income – government grants		51,511	56,662
Finance lease liabilities		65,121	50,324
Deferred tax liability		12,668	81,078
Total non-current liabilities		**7,110,330**	**6,934,284**
Current liabilities			
Share of gross liabilities of jointly controlled entities	11	1,060,753	990,000
Trade and other payables		5,077,100	4,925,895
Borrowings		1,382,590	1,371,176
Deferred income – government grants		10,302	15,033
Finance lease liabilities		38,610	108,675
Total current liabilities		**7,569,355**	**7,410,779**
Total equity and liabilities		**20,276,053**	**18,909,637**

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2008 and the six months ended 31 December 2009

	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 2008	1,807,933	7,084,737	(8,133,321)	–	759,349	596,651	1,356,000
Issue of Ordinary Shares in Kedco Block Holdings Limited	685,148	6,889,852	–	–	7,575,000	–	7,575,000
Issue of Ordinary Shares in Kedco plc in a share-for-share exchange	1,994,465	32,908,669	–	–	34,903,134	–	34,903,134
Issue of 'A' Ordinary Shares in Kedco plc in a share for share exchange	498,616	–	–	–	498,616	–	498,616
Issue of 'A' Ordinary Shares in Kedco plc	492,564	–	–	–	492,564	–	492,564
Reverse acquisition adjustment under IFRS 3	(2,493,081)	(32,908,669)	–	–	(35,401,750)	–	(35,401,750)
(Loss)/profit for the period	–	–	(2,989,249)	–	(2,989,249)	(40,581)	(3,029,830)
Unrealised foreign exchange gain	–	–	27,690	–	27,690	1,612	29,302
Balance at 31 December 2008	**2,985,645**	**13,974,589**	**(11,094,880)**	**–**	**5,865,354**	**557,682**	**6,423,036**
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**

Condensed Consolidated Cashflow Statement

For the six months ended 31 December 2009

	Notes	6 months ended 31 Dec 2009 €	6 months ended 31 Dec 2008 €
Cash flows from operating activities			
Loss before taxation		(1,602,238)	(3,029,830)
Adjustments for:			
Share-based payments		82,098	–
Depreciation of property, plant and equipment		324,436	255,033
Amortisation of intangible assets		42,704	41,563
Profit on disposal of property, plant and equipment		(823)	–
Unrealised foreign exchange (loss)/gain		(3,934)	16,587
Interest expense		432,990	323,834
Interest income		(1,900)	(99,187)
Operating cash flows before working capital changes		(726,667)	(2,492,000)
(Increase)/decrease in:			
Trade and other receivables		(780,593)	(2,947,296)
Inventories		(486,631)	467,758
Increase/(decrease) in:			
Trade and other payables		(106,573)	(489,731)
		(2,100,464)	(5,461,269)
Income taxes paid		(18,000)	–
Net cash used in operating activities		**(2,118,464)**	**(5,461,269)**
Cash flows from investing activities			
Additions to property, plant and equipment		(117,451)	(518,717)
Proceeds from sale of property, plant and equipment		823	67,582
Additions to intangibles		–	(7,660)
Interest received		5,417	97,157
Net cash used in investing activities		**(111,211)**	**(361,638)**
Cash flows from financing activities			
Net proceeds from borrowings		234,810	147,833
Proceeds from issuance of Ordinary Shares		2,473,437	7,575,000
Payments of finance leases		(55,268)	(154,188)
Interest paid		(441,722)	(365,652)
Net cash from financing activities		**2,211,257**	**7,202,993**
Net (decrease)/increase in cash and cash equivalents		(18,418)	1,380,086
Cash and cash equivalents at the beginning of the financial period		(1,030,934)	(265,168)
Cash and cash equivalents at the end of the financial period		**(1,049,352)**	**1,114,918**

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2009

1. GENERAL INFORMATION

Kedco plc (the “Company” or the “Group”) was incorporated in Ireland on 2 October 2008. 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
- the provision of the wholesale of wood and 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 Group continues to invest capital in developing customer and partner relationships in the UK and Ireland. The Group has also continued to develop and expand its pipeline of projects and currently awaits the commissioning of the electricity generating plant at Newry. These activities together with the current challenging economic environment have resulted in the Group continuing to report losses for the half year to 31 December 2009.

The Directors have instituted a number of measures to preserve cash and also secure additional finance. The board is currently engaged in advanced discussions with a number of different parties around the potential investment of equity and/or debt finance into the Company and in the meantime continues to manage its working capital position tightly. The board remains confident that suitable investment will be secured.

The interim 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 completion of the 4MW project so that the Group can continue to realise its assets and discharge its liabilities in the normal course of business. The interim 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 is being made and that, whilst there is no guarantee that such investment will be forthcoming, the going concern basis is appropriate for these financial statements.

The interim financial information for both the six months ended 31 December 2009 and the comparative six months ended 31 December 2008 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 30 June 2009 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 have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

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.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2009

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 2009.

5. SEGMENT REPORTING

The Group's primary format for segmental reporting is business segments and the secondary format is geographical segments. The risks and returns of the Group's operations are primarily determined by the different products that the Group supplies rather than the geographical location of the Group's operations.

The Group has two separate business segments: Kedco Power and Kedco Energy.

The Kedco Power business is the main focus of the Group and specialises in electrical power generation from biomass and waste.

Kedco Energy contains a number of ancillary businesses serving industrial and residential customers, all with a renewable energy focus.

Corporate activities, such as the cost of corporate stewardship, which includes administrative, finance and head office costs are reported along with the elimination of the inter-group activities under the heading 'Head office services and intercompany eliminations'. Inter-segment pricing is determined on an arm's length basis.

The Group's segmental information contains certain headings which are not defined under IFRS. For clarity, the following are the definitions as applied by the Group in their management Information:

- 'Trading loss' refers to the operating loss generated by the businesses before intangible asset amortisation and depreciation on property, plant and equipment and before once off listing expenses;
- 'Operating loss' is loss before taxation and finance costs and represents the result for each segment.

The Group makes this distinction to give a better understanding of the performance of the business.

The Group's primary geographical segments are Ireland and Latvia. The geographical segment 'Other Europe' includes sales in the United Kingdom.

By business segment:

	6 months ended 31 December 2009				6 months ended 31 December 2008			
	Kedco Energy	Kedco Power	Head office services and intercompany eliminations	Total	Kedco Energy	Kedco Power	Head office services and intercompany eliminations	Total
Revenue	4,133,180	22,950	–	4,156,130	3,220,751	–	–	3,220,751
Trading profit/(loss)	488,078	(685,578)	(606,508)	(804,008)	(493,236)	(670,796)	(440,094)	(1,604,126)
Depreciation and amortisation	(316,118)	(9,787)	(41,235)	(367,140)	(208,443)	(5,355)	(41,235)	(255,033)
Once-off listing costs	–	–	–	–	–	–	(946,024)	(946,024)
Segment result	171,960	(695,365)	(647,743)	(1,171,148)	(701,679)	(676,151)	(1,427,353)	(2,805,183)
Segment assets	8,430,601	8,877,345	2,618,511	19,926,457	9,158,955	3,043,367	3,105,606	15,307,928
Segment liabilities	(5,186,198)	(4,500,538)	(4,643,353)	(14,330,089)	(4,959,376)	(113,507)	(3,812,009)	(8,884,892)
Net assets/(liabilities)	3,244,403	4,376,807	(2,024,842)	5,596,368	4,199,579	2,929,860	(706,403)	6,423,036
Other segmental information								
Property, plant and equipment additions	112,298	5,153	–	117,451	465,573	53,144	–	518,717
Intangible asset additions	–	–	–	–	7,660	–	–	7,660
Impairment losses recognised in profit or loss	–	–	–	–	–	–	–	–
Provision for impairment of inventory to net realisable value	204,863	–	–	204,863	201,554	–	–	201,554
Provision for impairment of trade receivables	263,206	4,310	–	267,516	356,269	5,215	–	361,484

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2009

5. SEGMENT REPORTING (CONTINUED)

By geographic segment:

	6 months ended 31 December 2009				6 months ended 31 December 2008			
	Ireland	**Latvia**	**Other Europe**	**Total**	**Ireland**	**Latvia**	**Other Europe**	**Total**
	€	**€**	**€**	**€**	**€**	**€**	**€**	**€**
Revenue by location by customers	479,298	3,632,692	44,140	4,156,130	1,232,368	1,820,238	168,145	3,220,751
Segment assets by location	13,649,812	6,276,645	–	19,926,457	9,604,749	5,703,179	–	15,307,928
Segment liabilities by location	(11,557,941)	(2,772,148)	–	(14,330,089)	(6,506,833)	(2,378,059)	–	(8,884,892)

6. INCOME TAX

	6 months ended 31 December 2009 €	**6 months ended 31 December 2008 €**
Income Tax	–	–
Deferred Tax	(68,410)	–
Income Tax Expense	**(68,410)**	–

An income tax charge does not arise for the six months ended 31 December 2009 or 31 December 2008 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 2009 Euro per share	**6 months ended 31 December 2008 Euro per share**
Basic loss per share		
From continuing operations	**(0.007)**	**(0.017)**
Diluted loss per share		
From continuing operations	**(0.006)**	**(0.015)**

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 2009 €	**6 months ended 31 December 2008 €**
Loss for year attributable to equity holders of the parent	(1,533,828)	(3,029,830)
Weighted average number of Ordinary Shares for the purposes of basic loss per share	216,142,651	181,175,867

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2009

7. LOSS PER SHARE (CONTINUED)

Diluted Loss Per Share

The loss used in the calculation of all diluted earnings per share measures is the same as that 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 2009	**6 months ended 31 December 2008**
Weighted average number of Ordinary Shares used in the calculation of basic loss per share	216,142,651	181,175,867
Shares deemed to be issued in respect of long-term incentive plan	49,256,332	16,418,777
Weighted average number of Ordinary Shares used in the calculation of diluted earnings per share	**265,398,983**	**197,594,644**

Share warrants which could potentially dilute basic earnings per share in the future have not been included in the calculation of diluted earnings per share as they are anti-dilutive for the periods presented. The dilutive effect as a result of share warrants in issue as at 31 December 2009 would be to increase the weighted average number of shares by 5,905,764 (2008: Nil).

8. GOODWILL

	At 31 December 2009 €	**At 30 June 2009 €**
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.. 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 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 four-year forecast approved by the Board for the following four 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% as deemed appropriate. 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.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2009

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group invested €66,218 in improving the efficiency of its biomass wood processing plant in Latvia. This investment was financed through debt.

10. SUBSIDIARIES

Details of Kedco plc subsidiaries at 31 December 2009 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 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.

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
Asdee Renewables Limited	Republic of Ireland	50%	Energy utility company
Bridegreen Energy Limited	Republic of Ireland	50%	Energy utility company

None of the above companies have commenced trading as of 31 December 2009.

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. 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.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2009

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 2009 **€**
Total assets	2,700,378
Total liabilities	(2,121,506)
Net assets	**578,872**
Group's share of gross assets of jointly controlled entities	**1,350,189**
Group's share of gross liabilities of jointly controlled entities	**(1,060,753)**
Total revenue	**–**
Total profit for the year	**–**
Group's share of profits of jointly controlled entities	**–**

12. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables at 31 December 2009 are amounts due from customers under construction contracts of €8,282,877 (see note 13 below).

13. CONSTRUCTION CONTRACTS

Contracts in progress at the balance sheet date

	At 31 December 2009 €	**At 30 June 2009 €**
Construction costs incurred	8,282,877	7,065,467
Less payment received in advance	(1,272,222)	(1,000,000)
	7,010,655	**6,065,467**
Recognised and included in the financial statements as amounts due		
From customers under construction contracts	8,282,877	7,065,467
To customers under construction contracts	(1,272,222)	(1,000,000)
	7,010,655	**6,065,467**

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

At 31 December 2009, retentions held by customers for contract work amounted to €Nil (30 June 2009: €Nil). Advances received from customers for contract work amounted to €1,272,222 (30 June 2009: €1,000,000).

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 31 December 2009

14. SHARE CAPITAL

	Authorised Number	Allotted and called up Number	Authorised €	Allotted and called up €
At 31 December 2009				
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 2009				
Ordinary shares of €0.01 each	10,000,000,000	207,462,644	100,000,000	2,074,627
A shares of €0.01 each	10,000,000,000	99,117,952	100,000,000	991,180
				3,065,807

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 disclosed in Note 23.

The Company was incorporated on 2 October 2008 with an initial authorised share capital of €100,000,000 divided into 100,000,000 Ordinary Shares of €1.00 each of which 38,100 Ordinary Shares of €1.00 each fully paid up were issued.

On 14 October 2008 the Ordinary Shares were subdivided so that each Ordinary Share had a nominal value of €0.01 each as opposed to the previous nominal value of €1.00 each.

Reverse Acquisition

On 13 October 2008, the Company acquired the entire issued share capital of Kedco Block Holdings Limited (‘KBHL’) in consideration for the allotment and issue of 2,493,081 Ordinary Shares of €1.00 each to the former members of KBHL. Pursuant to the agreement, the Company allotted and issued one ordinary share of €1.00 each in consideration for the transfer to it of each share held in KBHL.

The fair value of the shares in Kedco Block Holdings Limited received as consideration for the issue of these shares in Kedco plc was €34,903,134 which resulted in a share premium in the Company of €32,908,669. From a group perspective, since the acquisition is being accounted for as a reverse acquisition, the shares of the new legal parent (Kedco plc) were recognised and the shares of the accounting parent (Kedco Block Holdings Limited) were derecognised. A reverse acquisition adjustment has been made for the share capital of the accounting parent and is offset against the share premium of the new legal parent.

Movements in the six months to 31 December 2009

Kedco plc:

On 5 October 2009, the Company issued 17,360,013 Ordinary Shares of €0.01 each at a premium of €2,313,858. The company also issued warrants to subscribe for 8,680,006 shares at a subscription price of €0.25 per share. The warrants may be exercised at any date in the period from 5 October 2009 to 4 October 2011.

15. EVENTS SINCE THE BALANCE SHEET DATE

The Company has in the last month issued Convertible Loan Note instruments to a number of investors totaling €630,000. The term of these notes ranges from 5 to 6 months and the conversion price is 10c per share.

16. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 31 December 2009, which comply with IAS 34, were approved by the Board of Directors on 30 March 2010.