

Kedco plc
("Kedco" or the "Company")

2012 Preliminary Results

Kedco plc (AIM:KED), the renewable energy group focusing on the production of clean energy in the UK and Ireland, today announces its Preliminary Results for the full year ended 30 June 2012.

Operational Highlights

- The Company achieved its objective of transitioning from a clean energy project developer to an operational project owner with the commencement of generation of electricity at the 4MW Newry Biomass project in Northern Ireland
- Significant progress has been made in relation to the ready-to-construct 12MW Enfield Biomass project in London, including detailed discussions with EPC contractors and with potential debt and equity partners
- Pre-planning consultation phase for the Clay Cross Biomass project is now complete with a full planning application to be submitted by the end of Q1 2013
- Successfully negotiated the proposed acquisition of Reforce Energy Limited ("Reforce"), a project developer with 60 active projects and a capacity in excess of 40MW at various stages of development in the UK and Ireland. It is anticipated that the acquisition will be completed shortly

Financial Highlights

- Revenue from continuing operations of €10.1 million (FY 2011 restated: € 0.9 million)
- Administrative costs reduced to €0.95million (FY 2011 restated: €3.6 million)
- Loss before tax from continuing operations for the period reduced to €1.6 million (FY 2011 restated: Loss before tax €5.3 million)
- Total loss for the period reduced to €2.5 million (FY 2011 restated: Loss for period €4.5 million) includes one-off impairment cost of €1.4 million arising on the revaluation of the Group's Latvian subsidiary, SIA Vudlande
- 0.6 cent loss per share for continuing operations (FY 2010 restated: loss per share 2.3 cent)

Debt Restructuring

- Successfully negotiated balance sheet restructuring with various lenders, resulting in the conversion of debt to equity and a reduction of balance sheet debt by approximately €10.8 million
- Material reduction in ongoing annual interest of approximately €1.5 million

Asset Disposal

- Completed the disposal of a further non-core asset being the entire interest in Latvian subsidiary for €3.0 million, as part of debt restructuring

Share Placing / Funding

- Successful placings of shares to new investors in February 2012, May 2012 and November 2012 raising approximately €1.5 million
- Negotiated and agreed term sheet for the provision of £1.5 million in VCT funding for the Newry Biomass project

Gerry Madden CEO commented:

“In the 2011 preliminary announcement the Board promised shareholders that the Company would successfully commission the Newry Biomass. I am happy to report that we achieved this objective on time and on budget in June of this year. We further promised that we would aggressively pursue other opportunities in our project pipeline. I am also pleased to report that we have made substantial progress in adding further projects to the pipeline, which the Board believes will add shareholder value in the short to medium term.

“Against this positive backdrop, we have further refined and refocused the Company’s strategy with a clear aim of being one of the largest independent renewable energy companies in the UK and Ireland.

“The successful completion of a balance sheet restructuring will further solidify this strategy and provide a springboard for the Company to accelerate its project pipeline.

“I was also delighted to announce the impending acquisition of Reforce Energy which is expected to close imminently; the transaction is a key endorsement of our strategy. In addition to a strong pipeline of renewable energy projects, Reforce has a strong and experienced management team with over 10 years’ experience across 500MW+ of renewable energy projects. In agreeing to the acquisition, the Reforce management team and shareholders are demonstrating their belief that there is an attractive value creation story for the combined group.

The Board has identified the following objectives for the coming 12 months:

1. To complete the financing and begin construction of the 12MW Enfield Biomass project.
2. To complete the financing and start installation of the second stage of the 4MW Newry Biomass which will be fully commissioned by end of the 2013.
3. To complete the planning process for a further 4MW extension to the Newry Biomass project, thereby bringing the capacity up to 8MW.

4. Once the Acquisition of Reforce is finalised, complete the financing and commissioning of the 800kw Pluckanes Windfarm project.
5. To obtain planning permission for the 8MW Clay Cross Biomass project.
6. Once the Acquisition of Reforce is finalised, to bring the Altilow 800kw wind project to a fully consented and ready-to-construct stage.
7. To obtain at least another six planning permissions for small scale renewable energy projects.
8. To double the size of the Company's current development pipeline.

"The Board believes that the constraining factors of the past are now behind the Company. With the restructuring, pipeline progress and proposed acquisition of Reforce, we are more confident than ever of being able to deliver real shareholder value in the short to medium term."

-Ends-

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Chairman's Statement

I am pleased to present the 2012 Annual Report, which provides an update on a year which has been one of significant development for the Company. This financial year has without doubt been the most important in the Group's history.

In September 2012 the Company announced that its biomass electricity and heat generation plant in Newry, Northern Ireland, commenced the exportation of power to the grid. This marked the Company's transition from a pure development company to an operator of renewable energy assets.

Operationally the Company completed the refocusing of the business portfolio towards its core, renewable energy power generation activities. Cost savings have been delivered through the exit from non-core and non-profitable business segments, creating a leaner, more efficient business structure with the focus purely on the renewable energy power generation business.

Since 30 June 2012, the Company has carried out a restructuring process, with the objectives of stabilising the Company's financial affairs, positioning the Company in a manner which will enable it to raise further capital, and enabling the Company to adopt a more appropriate capital structure. This will facilitate the advancement of its development project line through the planning and permitting process. At the Extraordinary General Meeting held on 5 October 2012, shareholders approved resolutions regarding the restructuring process. The Board is happy to report that this process is now complete.

The Board took the opportunity to reposition the Company as a 'technology neutral' renewable energy business with a core focus on developing and delivering operational electricity and heat generation projects. The Company will focus on both large and small-scale projects, providing flexibility to maximise existing land positions whilst diversifying development and technology risks. This flexible business model will deploy capital where it can achieve the best return for shareholders whilst still keeping the focus on the generation of clean energy from either electricity or heat.

With this in mind the Company entered into negotiations to acquire Reforce Energy Limited ("Reforce"), a renewable energy development company focused on small-scale renewable projects across various technologies. Reforce's key markets are the UK, Ireland and Northern Ireland where it already has an active pipeline of over 60 projects with a capacity of in excess of 40MW at various stages of development. We expect to complete the acquisition shortly.

The Company's ultimate aim is to be one of the UK and Ireland's largest independent renewable energy companies, with a diverse portfolio of operating and development assets across various renewable energy technologies. To this end, the Company will focus on developing its existing portfolio as well as considering strategic bolt-on acquisition opportunities that add generating potential to its project portfolio.

On behalf of my colleagues on the Board, we wish to express our thanks to the management and staff who have worked so diligently over the past year. I look forward to updating shareholders further on the Company's progress at our Annual General Meeting in December.

Dermot O'Connell

Non-Executive Chairman

Chief Executive's Report

Operational Review

Kedco's stated aim is to be one of the UK and Ireland's largest independent renewable energy companies, with a diverse portfolio of operating and development assets across various renewable energy technologies.

The Company currently has 67MW of potential power at various stages of development as set out below:

Newry Biomass – 4MW Biomass combined heat and power (“CHP”)

The Company recently announced that its plant in Newry, Northern Ireland, commenced the exportation of power to the grid. This marks the Company's transition to an operator of renewable energy assets from a pure development company. The electricity generated by the plant is being sold to Bord Gais Eireann under a Power Purchase Agreement (“PPA”). The Company now intends to move towards the completion of the next 2MW phase of the project, which is expected to come online in Q4 2013. The civil and on-site works for this additional 2MW have already been completed and a deposit has been paid to secure the expansion of the grid infrastructure for the project. Kedco has invested £6 million through a combination of equity and loan notes in the project corporate entity and owns 50 per cent. of the ordinary equity and 92 per cent. of the economic return from the project. Our major shareholder, Farmer Business Developments plc, owns the remaining 50 per cent. of the ordinary equity but is only entitled to eight per cent. of the economic return from the project. The balance of the project funding was arranged through a financing deal with RBS Ulster Bank, which committed project finance facilities of up to £8 million. Further updates will be provided in the near future as the project moves towards full commissioning of the first phase.

We intend to complete the planning process for a further 4MW extension to the Newry Biomass project, bringing the capacity up to 8MW in the coming year.

Enfield Biomass – 12MW Biomass CHP

The Company's other key asset is the 12MW Enfield Biomass project located in Enfield, London. This project has full planning and permitting to convert 60,000 tonnes per annum of waste wood and has entered into advanced discussions in relation to an offer to connect to the national grid. The Company has already entered into a 20 year lease in relation to the site. The Company has various options available in relation to feedstock sourced locally for the plant. The Directors believe that this project is one of the most advanced biomass development projects located in the London region and the Company intends to progress the project towards financial close and commencement of construction. Advanced discussions are currently taking place with potential debt and equity partners in relation to the project. We intend to

complete the financing and starting construction of the 12MW Enfield Biomass project in the coming year. A further update will be provided as appropriate.

Cork and Kerry Anaerobic Digestion (“AD”) projects

The Company has full planning and permitting for two sites located in the South of Ireland which could convert 40,000 tonnes of agricultural and food waste per annum into up to 1.5MW of electricity and 1.4MW of heat. These projects will qualify for the Irish Government support scheme for renewable energy under REFIT III, which covers biomass technologies for the period 2010 to 2015. This scheme provides for a fixed feed in tariff rate of between €0.10-0.13 per kilowatt hour (“kWh”) produced, depending on the use of heat generated from the plant. A strategic decision regarding the development of these two projects is currently being undertaken.

Clay Cross Biomass CHP and AD and Rutland AD

The Company has also invested heavily in planning and permitting over the last 18 months and it is currently engaged in the consenting process for an 8MW site in Derbyshire and 1.3MW AD site in East Anglia, both in the UK.

Pluckanes Wind Farm

Reforce recently made an announcement that it has completed the purchase of Pluckanes Windfarm Limited (“Pluckanes”), which has developed a fully consented 800kw single wind turbine project located in Cork, Ireland. The purchase of the Pluckanes project has added a construction ready asset to the portfolio, which is targeted to become operational during 2013. Once the Acquisition is finalised and with the commissioning of the project next year, the Company’s operational capacity will increase by 40 per cent.

Project Portfolio

The Company is currently in discussion with a number of site owners in the UK and Ireland regarding future sites for the development of renewable energy projects. The intention is to secure sites that will increase the development pipeline to a minimum 300MW within the next three years.

Reforce whose acquisition will be completed shortly has a pipeline of over 60 projects with a capacity of in excess of 40MW across various technologies located in the UK, Ireland and Northern Ireland.

Financial Review

Revenue in the period amounted to €10.1 million and was in line with expectations (FY 2011 restated: €0.9m). The Company reported a loss for the period of €2.5 million, a decrease on the prior year loss of €4.5 million for FY 2011. Included in the loss of €2.5 million is a one-off impairment cost of €1.4 million arising on the revaluation of the group’s Latvian subsidiary, SIA Vudlande. The decrease in losses is

attributable to a significant reduction in administrative costs during the year and a decrease in financing costs arising from the restructuring of debt.

At 30 June 2012, the Company had net debt of €11.9 million (30 June 2011: €11.8 million) including cash balances of €144,764 (30 June 2010: €616,285).

The Company has carried out a restructuring process since the year end which has significantly strengthened the Group's balance sheet through the reduction of approximately €10.8 million of debt obligations of the Group, as well as a reduction of its annual interest charge by approximately €1.5 million. The reduction of €10.8 million was achieved through the conversion of debt into equity and the sale of its Latvian subsidiary, SIA Vudlande.

Outlook

In the 2011 preliminary announcement the Board promised shareholders that we would aggressively pursue other opportunities in our project pipeline. I am pleased to report that we have made substantial progress in adding further projects to the pipeline, which I believe will add shareholder value in the short to medium term.

Against this positive backdrop, we have further refined and refocused the Company's strategy with a clear aim of being one of the largest independent renewable energy companies in the UK and Ireland. The successful completion of the balance sheet restructure further solidifies this strategy and provides a springboard for the Company to accelerate its project pipeline. In light of the Company's expanding pipeline of development and acquisition opportunities, the Directors anticipate undertaking a further equity fundraising in 2013.

I was also delighted to announce the impending acquisition of Reforce which is expected to close imminently. I feel that the transaction provides a key endorsement of our strategy. In addition to a strong pipeline of renewable energy projects, Reforce has an experienced management team with over 10 years' experience across 500MW+ of renewable energy projects. The Reforce management team and shareholders, by agreeing to the acquisition, believe there is an attractive value creation story for the combined group.

The Board has identified the following objectives for the coming 12 months:

1. To complete the financing and starting construction of the 12MW Enfield Biomass project.
2. To complete the financing and start installation of the 2nd stage of the 4MW Newry Biomass which will be fully commissioned by end of the 2013.
3. To complete the planning process for a further 4MW extension to the Newry Biomass project, thereby bringing the capacity up to 8MW.

4. Once the Reforce Acquisition is finalised, complete the financing and commissioning the 800kw Pluckanes Windfarm project.
5. To obtain planning permission for the 8MW Clay Cross Biomass project.
6. Once the Acquisition is finalised bring the Altlow 800kw wind project to a fully consented and ready-to-construct stage.
7. To obtain at least another six planning permissions for small scale renewable energy projects.
8. To double the size of the Company's current development pipeline.

We believe the constraining factors of the past are now behind the Company. With the restructuring, pipeline progress and proposed acquisition of Reforce, we are more confident than ever of being able to deliver real shareholder value in the short to medium term.

We will continue to focus the Company's resources on bringing projects to construction ready and financial close stages and in managing the operations of these projects. Projects will sit in their own individual special purpose entities and project funding will take place in those entities. The Company intends to retain an equity interest in all future projects to the benefit of shareholders in the listed Company.

Gerry Madden

CEO

Kedco plc
**Consolidated statement of comprehensive income and expenditure
for the year ended 30 June 2012**

	Notes	2012 €	(Restated) 2011 €
Revenue		10,083,158	936,435
Cost of sales		(10,123,726)	(1,059,127)
Gross loss		(40,568)	(122,692)
Operating expenses			
Administrative expenses		(953,705)	(3,617,547)
Other operating income		11,100	7,605
Operating loss		(983,173)	(3,732,634)
Finance costs		(414,424)	(1,534,344)
Share of losses on joint ventures after tax		(213,923)	(356,228)
Profit on disposal of share in joint venture		-	285,379
Finance income		333	287
Loss before taxation		(1,611,187)	(5,337,540)
Income tax expense		-	-
Loss for the year from continuing operations		(1,611,187)	(5,337,540)
Profit for the year from discontinued operations		493,911	802,677
Losses arising on the remeasurement of assets held for sale		(1,364,082)	-
Net (loss)/profit for the year from discontinued operations		(870,171)	802,677
Loss for the year - total		(2,481,358)	(4,534,863)
Loss attributable to:			
Owners of the company		(2,580,140)	(4,698,241)
Non-controlling interest		98,782	163,378
		(2,481,358)	(4,534,863)
		2012 € Euro per share	2011 € Euro per share
Basic loss per share:			
From continuing operations	2	<u>(0.006)</u>	<u>(0.023)</u>
From continuing and discontinued operations	2	<u>(0.009)</u>	<u>(0.020)</u>
Diluted loss per share:			
From continuing operations	2	<u>(0.006)</u>	<u>(0.016)</u>
From continuing and discontinued operations	2	<u>(0.009)</u>	<u>(0.014)</u>

Kedco plc**Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2012**

	2012 €	2011 €
Loss for the financial year	(2,481,358)	(4,534,863)
Other comprehensive income		
Exchange differences arising on retranslation of foreign operations	<u>(310,844)</u>	<u>21,063</u>
Total comprehensive income and expense for the year	<u>(2,792,202)</u>	<u>(4,513,800)</u>
Attributable to:		
Owners of the company	(2,890,984)	(4,677,178)
Non-controlling interests	<u>98,782</u>	<u>163,378</u>
	<u>(2,792,202)</u>	<u>(4,513,800)</u>

Kedco plc**Consolidated statement of financial position****At 30 June 2012**

	Notes	2012 €	2011 €
ASSETS			
Non-current assets			
Goodwill		-	549,451
Intangible assets		-	505
Property, plant and equipment		757,329	5,060,243
Financial assets		7,608,687	990,000
Total non-current assets		8,366,016	6,600,199
Current assets			
Inventories		50,000	1,613,026
Amounts due from customers under construction contracts		1,355,212	9,425,279
Trade and other receivables		1,605,518	2,848,088
Cash and cash equivalents		144,764	616,285
Total current assets		3,155,494	14,502,678
Assets classified as held for sale		6,584,239	-
Total current assets		9,739,733	14,502,678
Total assets		18,105,749	21,102,877
EQUITY AND LIABILITIES			
Equity			
Share capital		4,106,808	3,543,999
Share premium		19,375,525	19,038,300
Shared based payment reserves		-	492,580
Retained earnings – deficit		(25,207,673)	(22,316,689)
(Deficit)/equity attributable to equity holders of the parent		(1,725,340)	758,190
Non-controlling interest		898,010	799,228
Total (deficit)/equity		(827,330)	1,557,418
Non-current liabilities			
Borrowings		2,425,025	7,958,393
Deferred income – government grants		-	36,915
Finance lease liabilities		-	373
Share of net liabilities of jointly controlled entities		509,599	18,867
Deferred tax liability		-	268,062
Total non-current liabilities		2,934,624	8,282,610
Current liabilities			
Amounts due to customers under construction contracts		1,110,090	1,272,735
Trade and other payables		2,595,766	5,481,674
Borrowings		9,661,645	4,494,676
Deferred income – government grants		-	9,444
Finance lease liabilities		373	4,320
		13,367,874	11,262,849
Liabilities associated with assets held for sale		2,630,581	-
Total current liabilities		15,998,455	11,262,849
Total equity and liabilities		18,105,749	21,102,877

Kedco plc**Consolidated statement of cash flows****for the year ended 30 June 2012**

	Notes	2012 €	2011 €
Cash flows from operating activities			
Loss for the financial year		(2,481,358)	(4,394,977)
Adjustments for:			
Income Tax		69,731	
Share based payments		(492,580)	164,197
Depreciation of property, plant and equipment		596,418	634,734
Amortisation of intangible assets		2,275	71,396
Profit on disposal of property, plant and equipment		(67,236)	(88,881)
Impairment of property, plant and equipment		-	424,668
Impairment of intangible assets		-	94
Impairment of assets held for sale		1,364,082	-
Write off of unpaid share capital		492,563	
Unrealised foreign exchange gain		163,677	6,941
Share of losses of jointly controlled entities after tax		213,923	356,228
Decrease in provision for impairment of trade receivables		(71,924)	(166,014)
(Decrease)/increase in impairment of inventories		(294,715)	281,921
Decrease in deferred income		(10,302)	(10,303)
Interest expense		506,754	1,627,690
Profit on disposal of share in joint venture		-	(285,379)
Interest income		(338)	(364)
Operating cash flows before working capital changes		(9,030)	(1,378,049)
(Increase)/decrease in:			
Amounts due from customers under construction contracts		8,070,067	(133,368)
Trade and other receivables		4,336	(174,720)
Inventories		276,377	(284,932)
(Decrease)/increase in:			
Amounts due to customers under construction contracts		(162,645)	(29,622)
Trade and other payables		(2,476,219)	(717,781)
Cash from/(used in) operations		5,702,886	(2,718,472)
Income taxes paid		(9,108)	(55,968)
Net cash from/(used in) operating activities		5,693,778	(2,774,440)
Cash flows from investing activities			
Additions to property, plant and equipment		(644,737)	(573,181)
Proceeds from sale of property, plant and equipment		126,951	113,229
Additions to intangible assets		(1,770)	-
Additions to investments in jointly controlled entities		(6,660,010)	-
Proceeds from disposal of share in joint venture		-	134,840
Interest received		338	364
Net cash used in investing activities		(7,179,228)	(324,748)
Cash flows from financing activities			
Proceeds from borrowings		2,896,483	4,142,687
Repayments of borrowings		(2,293,628)	(1,583,381)
Proceeds from issuance of ordinary shares		644,250	1,932,815
Payments of finance leases		(58,496)	(36,803)
Interest paid		(255,842)	(590,526)
Net cash from financing activities		932,767	3,864,792
Net increase/(decrease) in cash and cash equivalents		(552,683)	765,604
Cash and cash equivalents at the beginning of the financial year		208,587	(557,017)
Cash and cash equivalents at the end of the financial year		(344,096)	208,587

1. Basis of Preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective at 30 June 2012 for all periods presented as issued by the International Accounting Standards Board. The consolidated financial statements are also prepared in accordance with IFRS as adopted by the European Union ('EU').

The consolidated financial statements are prepared under the historical cost convention. The principal accounting policies set out below have been applied consistently by the parent company and by all of the Company's subsidiaries to all periods presented in these consolidated financial statements.

The financial statements of the parent company, Kedco plc have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2012.

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 resulted in the Company continuing to report reduced losses for the year to 30 June 2012.

Since 30 June 2012, the Company has carried out a restructuring process, with the objective of stabilising the Company's financial affairs, position the Company in a manner which will enable it to raise further capital, and enable the Company to adopt a more appropriate capital structure, which will facilitate the advancement of its development project line through the planning and permitting process. Resolutions approving the restructuring process were agreed by the members of the Company at an Extraordinary General Meeting of the Company held on 5 October 2012.

The restructuring has significantly strengthened the Group's balance sheet through the reduction of approximately €10.8 million of Debt Obligations from the group and a reduction of its annual interest charge by approximately €1.5 million. The reduction in €10.8 million was achieved through the conversion of debt into equity (€5.8 million) and the sale of its Latvian subsidiary, SIA Vudlande.

In conjunction with the above restructuring, the Company raised approximately €0.95 million in an equity placing in November 2012. The proceeds of the Fundraising will be used by the Company to meet its on-going working capital requirements including the continued development of its project pipeline. The Company also announced in November 2012 that it had secured a conditional offer of further financing of £1.5 million for the further development of its Newry Power Plant.

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 Group's working capital requirements and for the continued investment in the Group'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. The financial statements do not include any adjustments that would result should the above conditions not be met.

After making enquiries and considering the matters referred to above, the Directors believe that solid progress towards securing finance has been and is being made. The Directors have a reasonable expectation that the Group will have 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.

2.	(Loss)/Earnings per share	2012 € Euro per share	2011 € Euro per share
	Basic (loss)/earnings per share		
	From continuing operations	(0.006)	(0.023)
	From discontinued operations	<u>(0.003)</u>	<u>0.003</u>
	Total basic loss per share	<u>(0.009)</u>	<u>(0.020)</u>
	Diluted (loss)/earnings per share		
	From continuing operations	(0.006)	(0.016)
	From discontinued operations	<u>(0.003)</u>	<u>0.002</u>
	Total diluted loss per share	<u>(0.009)</u>	<u>(0.014)</u>

Basic (loss)/earnings per share

The loss and weighted average number of ordinary shares used in the calculation of the basic (loss)/earnings per share are as follows:

	2012 €	2011 €
Loss for year attributable to equity holders of the parent	<u>(2,580,140)</u>	<u>(4,698,241)</u>
(Loss)/profit for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations.	<u>(870,171)</u>	<u>802,677</u>
Losses used in the calculation of basic loss per share from continuing operations	<u>(1,709,969)</u>	<u>(5,500,918)</u>
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>274,612,376</u>	<u>236,242,380</u>

Diluted (loss)/earnings 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:

	2012	2011
Weighted average number of ordinary shares used in the calculation of basic loss per share	274,612,376	236,242,380
"A" Shares in issue	<u>99,117,952</u>	<u>99,117,952</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>373,730,328</u>	<u>335,360,332</u>

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 30 June 2012 would be to increase the weighted average number of shares by 27,392,915 (2011: 30,672,924).

Convertible preference shares, 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 preference shares in issue as at 30 June 2012 would be to increase the weighted average number of shares by 3,125,000 (2011: 3,125,000).

Convertible loans which could potentially dilute basic earnings per share 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 loans in issue as at 30 June 2012 would be to increase the weighted average of shares by 21,942,154 (2011: 9,500,000).

3. Events after the balance sheet date

In its circular to Shareholders on 10 September 2012, the Group announced details of a proposed restructuring which would remove debt obligations from the Company such that it will have a suitable basis on which to raise further equity finance in the future. The restructuring has significantly strengthened the Group's balance sheet through the reduction of approximately €10.8 million of Debt Obligations from the group and a reduction of its annual interest charge by approximately €1.5 million. The reduction in €10.8 million was achieved through the conversion of debt into equity (€5.8 million) and the sale of its Latvian subsidiary, SIA Vudlande. Enfield Biomass, a company in which Kedco did hold a 50 per cent. interest, will as a result of the restructuring become a wholly-owned subsidiary of the Group. In conjunction with the above restructuring, the Company raised approximately £0.8 million in an equity placing in November 2012.

On 12 September 2012, the Group announced that the Company's plant in Newry, Northern Ireland, which will produce a total of 4MW, has commenced the exportation of power to the grid from its biomass electricity and heat generation plant. This marks the Company's transition to an operator of renewable energy assets from a pure development company.

On 18 September 2012, the Group announced that it had signed a heads of agreement with Reforce Energy Limited, in relation to the acquisition of its entire share capital. Both parties are now proceeding to final legal contracts and the completion of all pre-conditions relating to the Acquisition. The consideration for the Acquisition, if completed, would be satisfied by the issue of new Kedco ordinary shares and would not involve cash consideration. Reforce Energy Limited is a renewable energy development company focused on small-scale renewable projects across various technologies. The company's key markets are the UK, Ireland and Northern Ireland where it already has an active pipeline of over 60 projects with a capacity of in excess of 40MW at various stages of development.

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