

21 October 2010

**Kedco plc**  
**(“Kedco” or the “Company”)**

**Preliminary Results for the year ended 30 June 2010**

Kedco plc (LSE: KED.L), the cleantech group focusing on clean energy production in the UK, Ireland and Eastern Europe, announces today its preliminary results for the year ended 30 June 2010.

**Key Operational Highlights**

- Site secured on 20 year lease for a biomass wood gasification plant located in Newry, Northern Ireland, which has full permitting approval and will be capable of generating 4 megawatt (“MW”) of electricity and 3MW of heat. The plant has an estimated capital cost of £15 million and is expected to generate EBITDA of approximately £2 million per year once complete. In excess of £6 million has been invested in the Newry project to date and site construction is almost complete. Completed factory acceptance of 2MW gasifier and produced gas of sufficient quantity and quality to meet the engine specifications for power generation. The gasifier is on site in Newry. The project can be completed in two stages of 2MW each. In order to complete the first 2MW a further £2.0 million needs to be invested in the project. The second stage to bring the project to 4MW would require a further £6.5 million of investment.
- Received planning permission to build a biomass wood gasification plant in Enfield, North London capable of generating 12MW of electricity and 10 MW of heat. Plant has an estimated capital cost of £45 million and is expected to generate EBITDA of approximately £9 million per year once complete. Site secured on 20 year lease and 10 year feedstock supply agreement signed with local waste operator.
- Generating electricity for sale to national grid from 75KW containerised biomass wood gasification plant located in Cork, Ireland.
- Signed 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.
- Group can now take advantage of UK Government decision to “grandfather” biomass plants effectively guaranteeing Renewable Obligation Certificates (“ROCs”) levels for 20 years.
- Successfully completed capacity and efficiency increases at group’s biomass wood processing plant in Vudlande in Latvia which resulted in an increase in sales to €8 million from €4 million in the year. Vudlande reported EBITDA of €1.5m in the year.

**Key Financial Highlights**

- Revenue of €9.0 million, in line with revised expectations (FY 2009: €5.9 million).
- Gross profit of €2.0 million, a substantial increase on the prior year (FY 2009: €0.8 million)
- Loss for the period of €3.2 million, a significant decrease on the prior year (FY 2009: €6.2 million).
- Additional capital of €3.5 million raised during the financial year.
- Post-period end loan capital of €3.2 million sourced from a variety of private and institutional investors.

**Donal Buckley, Chief Executive Officer of Kedco, commented:**

*“Kedco continues to progress its strategy of identifying, developing, owning and building biomass electricity and heat generating plants in the UK and Ireland. Our current focus is in UK and Ireland and we have been very successful in progressing our projects through the various stages from procuring sites and securing planning and permitting to actual construction.*

*As projects progress through the various stages their value increases. By achieving financial closure on projects we significantly increase their value. We are currently working through five projects where full planning permissions have been granted either to Kedco or to Kedco and its partners.*

*The current economic climate is challenging. Preserving cash and securing additional finance remain a priority. However the decision of the UK government to grandfather biomass plants has removed some of the uncertainty from the sector. This is a time of opportunity for biomass and in our view this*

*sector now has the best risk return profile in the renewable energy space. Our model of taking “best of breed” technology, which exceeds all current environmental regulations ensures that we can rapidly maximise any opportunities presented to the Company.*

*We will continue to progress our pipeline of large scale biomass projects and to advance our strategy of deploying smaller anaerobic digestion and gasification plants to the marketplace through our joint venture with AgriKomp.*

**For additional information please contact:**

**Kedco plc**

Donal Buckley, Chief Executive / Gerry Madden, Finance Director

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

**Deloitte Corporate Finance – Nomad**

Jonathan Hinton / David Smith

**+44 (0)20 7936 3000**

## **Chairman's Statement**

I am pleased to report that the year ended 30 June 2010 proved to be an important and successful one in the progression of Kedco plc.

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.

Biomass is a renewable energy source and is made from living or recently living organisms such as wood and waste. Kedco use anaerobic digestion and gasification conversion technologies to convert wood and waste into electricity and heat. Both technologies qualify for two Renewable Obligation Credits ("ROCs") under the UK renewable energy regime. It has been confirmed that the Renewable Obligation Order will continue until 2037.

There has been some uncertainty surrounding continuing ROC support for biomass and this has led to difficulties for lending institutions. However in late July of this year the UK government made the decision to "grandfather" biomass plants effectively guaranteeing ROC levels from the plants for 20 years. We welcome this decision and the degree of certainty it brings.

Having achieved planning and securing a 20 year lease for a £15 million, 4MW biomass wood gasification plant in Newry, Co. Down Northern Ireland and having spent approximately £6 million in constructing and equipping the plant we believe that the removal of the uncertainty in relation to ROCs will enable us to achieve financial close and complete the construction of the plant.

Our success in obtaining planning for a 12MW biomass wood gasification plant in Enfield in North London has also added value to the Company and points to the successful execution of the Company's strategy.

The UK has a significant requirement for new sources of renewable energy; biomass generation as a proven technology is well placed to satisfy that need. We expect Kedco to be able to capitalise on the significant growth in the market for biomass generation. Our experienced management team has demonstrated that it can create value by developing biomass projects to the satisfaction of the town and environmental planners as shown by the granting of full planning to the site in London.

I would like to thank all my fellow directors and all company employees, stakeholders and shareholders whose combined efforts and support have positioned the Company to avail itself of what we continue to believe, more than ever, to be an exciting and rewarding opportunity.

**William Kingston**  
Non-Executive Chairman

## Chief Executive's Report

### Operational Review

I am pleased to be able to report the progress we have made during the financial year ended 30 June 2010.

Kedco continues to progress its strategy of identifying, developing, owning and building biomass electricity and heat generating plants in the UK and Ireland. We continue to progress our projects through the various stages from securing sites to securing planning and permitting to actual construction.

As projects progress through the various stages their value increases. By achieving financial closure on projects we significantly increase their value. We are currently working through five projects where full planning permissions have been granted either to Kedco or to Kedco and its partners.

We identify seven stages in the development of a biomass power generation project. These are; initial evaluation, sign letter of intent, secure site, obtain planning and permitting, secure financial closure, construction and finally operation.

During the financial year we secured a site on a 20 year lease for a biomass wood gasification plant located in Newry, Northern Ireland which has full permitting approval and is capable of generating 4MW of electricity and 3MW of heat. In excess of £6 million has been invested in the Newry project to date and site construction is almost complete. We have completed factory acceptance of one 2MW gasifier and produced gas of sufficient quantity and quality to meet the engine specifications for power generation. We also took delivery of the 2MW gasifier on site in Newry. In order to complete the project to its full capacity we need to achieve financial close. The project can be completed in two stages of 2MW each. In order to complete the first 2MW a further £2.0 million needs to be invested in the project. The second stage to bring the project to 4MW would require a further £6.5 million of investment.

We are extremely pleased to have received planning permission to build a biomass wood gasification plant in Enfield, North London capable of generating 12MW of electricity and 10MW of heat. The plant has an estimated capital cost of £45 million and is expected to generate EBITDA of approximately £9 million per year once complete. The site has been secured on a 20 year lease and a 10 year feedstock supply agreement has been signed with a local waste operator.

We also commenced operations on a 75KW containerised biomass wood gasification plant located in Cork, Ireland and are currently generating electricity for sale to the national grid.

We continue to invest capital in developing customer and partner relationships and in furthering projects in our pipeline. Excluding Newry and London we have four projects at full planning and permitting stage. Our next objective is to progress these to financial closure. We have a further five projects at letter of intent stage and we are currently working to secure the sites and move towards the planning and permitting stage.

A significant milestone during the year was 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. Our partnership with one of the leaders in Europe in this area is an exciting prospect for the Company and we are already working closely with AgriKomp in the marketplace.

We are very happy with the progress made in our biomass wood processing facility at the group's Vudlande plant in Latvia. As well as being a profitable business in its own right we consider the waste wood from the plant to be a potential backup biomass feedstock source for generating plants. We successfully completed capacity and efficiency increases which resulted in an increase in sales to €8 million from €4 million in the year.

## **Financial Review**

Revenue in the period amounted to €9 million, in line with revised expectations (FY 2009: €5.9m). The Company increased its reported gross profit to €2.0 million from €0.8 million in FY 2009. The Company reported a loss for the period of €3.2 million: a decrease on the prior year figure of €6.2 million for FY 2009.

During the year the Company has continued to exercise tight control over costs whilst, at the same time strengthening its balance sheet. During the year the Company raised total additional capital of €3.5 million. Following the year-end, the Company has sourced a further €3.2 million in loan capital from a variety of private, and institutional investors.

On 27 July 2010, the UK government published “Government Response to the Grandfathering Policy of Support for Dedicated Biomass, Anaerobic Digestion and Energy from Waste under the Renewable Obligation”. This announced the UK government’s decision to “grandfather” biomass plants, effectively guaranteeing ROC levels for 20 years. The uncertainty that existed prior to this decision led many financial and investment entities to give pause. The removal of this uncertainty in our view opens up the market for financing biomass plants.

At 30 June 2010, the Company had net debt of €9.1 million (30 June 2009: €7.8 million) including cash balances of €116,753 (30 June 2009: €340,242).

## **Outlook**

The current economic climate is challenging. Preserving cash and securing additional finance remain a priority. However the decision of the UK Government to grandfather biomass plants has removed a degree of uncertainty from the sector.

We will continue to progress our pipeline of large-scale biomass projects and to advance our strategy of deploying smaller anaerobic digestion and gasification plants to the marketplace through our joint venture with AgriKomp.

Whilst our strategy is to build own and operate biomass power generating plants, once the site has been secured and planning and permitting has been obtained we would be in a position, if we so chose, to monetise the value of the project.

In our view biomass plants have much greater potential for higher returns than other renewable sources because they operate more effectively as a base load power source in comparison to intermittent technologies such as wind and solar. This is a time of opportunity for biomass and in our view this sector now has the best risk return profile in the renewable energy space.

We are a development company. Economic conditions remain uncertain and 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.

**Donal Buckley**  
Chief Executive Officer

**Kedco plc**  
**Consolidated income statement**  
**for the year ended 30 June 2010**

	2010 €	2009 €
<b>Revenue</b>	9,023,979	5,914,077
Cost of sales	(7,069,165)	(5,106,316)
<b>Gross profit</b>	1,954,814	807,761
<b>Operating expenses</b>		
Administrative expenses	(4,310,925)	(5,525,791)
Once off listing costs	-	(946,024)
<b>Operating loss</b>	(2,356,111)	(5,664,054)
Finance costs	(758,567)	(690,597)
Share of losses on joint ventures	(113,536)	-
Finance income	32,411	114,113
<b>Loss before taxation</b>	(3,195,803)	(6,240,538)
Income tax expense	(47,098)	-
<b>Loss for the year from continuing operations</b>	(3,242,901)	(6,240,538)
<b>(Loss)/Profit attributable to:</b>		
Owners of the company	(3,388,284)	(6,132,743)
Non-controlling interest	145,383	(107,795)
	(3,242,901)	(6,240,538)
	2010 €	2009 €
	Euro per share	Euro per share
<b>Basic loss per share:</b>		
From continuing operations	(0.02)	(0.03)
<b>Diluted loss per share:</b>		
From continuing operations	(0.01)	(0.03)

**Kedco plc**  
**Consolidated statement of comprehensive income and expense**  
**for the year ended 30 June 2010**

	2010 €	2009 €
<b>Loss for the financial year</b>	(3,242,901)	(6,240,538)
<b>Other comprehensive income</b>		
Exchange differences arising on translation of foreign operations	880	15,568
<b>Total comprehensive income and expense for the year</b>	<b>(3,242,021)</b>	<b>(6,224,970)</b>
<b>Attributable to:</b>		
Owners of the company	(3,387,404)	(6,118,786)
Non-controlling interests	145,383	(106,184)
	<b>(3,242,021)</b>	<b>(6,224,970)</b>

**Kedco plc**  
**Consolidated balance sheet**  
**At 30 June 2010**

	2010 €	2009 €
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	549,451	549,451
Intangible assets	71,995	157,309
Property, plant and equipment	5,570,812	6,138,936
Financial assets	990,000	990,000
Share of gross assets of jointly controlled entities	207,109	10,593
Total non-current assets	7,389,367	7,846,289
<b>Current assets</b>		
Inventories	1,610,015	1,327,324
Amounts due from customers under construction contracts	9,291,911	7,065,467
Trade and other receivables	2,511,302	2,330,315
Cash and cash equivalents	116,753	340,242
Total current assets	13,529,981	11,063,348
<b>Total assets</b>	<b>20,919,348</b>	<b>18,909,637</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	3,239,407	3,065,807
Share premium	17,410,077	15,096,219
Shared based payment reserves	328,383	164,188
Retained earnings – deficit	(17,639,511)	(14,252,107)
Equity attributable to equity holders of the parent	3,338,356	4,074,107
Minority interest	635,850	490,467
Total equity	3,974,206	4,564,574
<b>Non-current liabilities</b>		
Borrowings	6,749,672	6,746,220
Deferred income – government grants	50,653	56,662
Finance lease liabilities	4,693	50,324
Deferred tax liability	128,176	81,078
Total non-current liabilities	6,933,194	6,934,284
<b>Current liabilities</b>		
Amounts due to customers under construction contracts	1,302,357	1,000,000
Trade and other payables	6,221,514	4,915,895
Borrowings	2,445,265	1,371,176
Deferred income – government grants	6,009	15,033
Finance lease liabilities	36,803	108,675
Total current liabilities	10,011,948	7,410,779
<b>Total equity and liabilities</b>	<b>20,919,348</b>	<b>18,909,637</b>



**Kedco plc**  
**Consolidated cashflow statement**  
**for the year ended 30 June 2010**

	2010 €	2009 €
<b>Cash flows from operating activities</b>		
Loss before taxation	(3,195,803)	(6,240,538)
Adjustments for:		
Share based payments	164,195	164,188
Depreciation of property, plant and equipment	658,599	533,587
Amortisation of intangible assets	85,314	84,657
(Profit)/Loss on disposal of property, plant and equipment	(13,478)	30,619
Impairment of property, plant and equipment	-	571,710
Unrealised foreign exchange loss	-	2,866
Share of losses of jointly controlled entities	113,536	-
Interest expense	758,567	690,597
Interest income	(32,411)	(114,113)
Operating cash flows before working capital changes	(1,461,481)	(4,276,427)
(Increase)/decrease in:		
Amounts due from customers under construction contracts	(2,226,444)	(7,065,467)
Trade and other receivables	(184,785)	(458,423)
Inventories	(282,691)	297,992
Increase in:		
Amounts due to customers under construction contracts	302,357	1,000,000
Trade and other payables	1,318,622	3,576,830
	(2,534,422)	(6,925,495)
Income taxes paid	12,545	-
<b>Net cash used in operating activities</b>	<b>(2,521,877)</b>	<b>(6,925,495)</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(185,068)	(770,552)
Proceeds from sale of property, plant and equipment	19,051	135,010
Additions to investments in jointly controlled entities	(309,172)	(1,000,593)
Additions to intangibles	-	(7,665)
Interest received	35,950	110,573
<b>Net cash used in investing activities</b>	<b>(439,239)</b>	<b>(1,533,227)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2,584,154	593,027
Repayments of borrowings	(1,839,889)	(109,670)
Proceeds from issuance of ordinary shares	2,487,458	8,776,792
Payments of finance leases	(117,503)	(213,214)
Interest paid	(709,869)	(694,178)
<b>Net cash from financing activities</b>	<b>2,404,351</b>	<b>8,352,757</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(556,765)</b>	<b>(105,965)</b>
Cash and cash equivalents at the beginning of the financial year	(252)	105,713
Cash and cash equivalents at the end of the financial year	<b>(557,017)</b>	<b>(252)</b>

**Kedco plc**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2010**

**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 2010 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 2009.

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 year to 30 June 2010.

The Company secured additional finance of €3.2 million in July 2010. The Directors have instituted a number of measures to preserve cash and also to 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 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 is being made and that, whilst there is no guarantee that such 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.

**Kedco plc**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2009**

<b>2. Loss per share</b>	<b>2010</b>	<b>2009</b>
	€	€
	Euro per share	Euro per share

**Basic loss per share**

From continuing operations	<u>(0.02)</u>	<u>(0.03)</u>
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**Diluted loss per share**

From continuing operations	<u>(0.01)</u>	<u>(0.03)</u>
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**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:

	<b>2010</b>	<b>2009</b>
	€	€
Loss for year attributable to equity holders of the parent	<u>(3,388,284)</u>	<u>(6,132,743)</u>
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>220,482,654</u>	<u>192,591,780</u>

**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:

	<b>2010</b>	<b>2009</b>
Weighted average number of ordinary shares used in the calculation of basic loss per share	220,482,654	192,591,780
Shares deemed to be issued in respect of long term incentive plan	<u>49,256,332</u>	<u>32,837,555</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>269,738,986</u>	<u>225,429,335</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 2010 would be to increase the weighted average number of shares by 8,075,766 (2009: 130,480).

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 2010 would be to increase the weighted average number of shares by 1,562,500 (2009: nil).

**Kedco plc**  
**Notes to the consolidated financial statements**  
**for the year ended 30 June 2009**

**2. Loss per share (continued)**

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 2010 would be to increase the weighted average of shares by 1,208,333.

**3. Events after the balance sheet date**

During July 2010, the Company raised €3.2 million from a loan note placing with a variety of investors including Kedco directors. The proceeds from the placing will be used to develop identified opportunities for joint ventures and working capital purposes.

The annual report and financial statements for the year ended 30 June 2010 will be posted to shareholders shortly. The annual report and financial statements will also be available on the Company's website – [www.kedco.com](http://www.kedco.com).