

## Interim Results

23 March 2009

Kedco plc

("Kedco" or the "Company")

Interim results for the six months ended 31 December 2008

Kedco plc, an Irish-based energy group focusing on green energy production in the UK, Ireland and Eastern Europe, announces today its interim results for the six months ended 31st December 2008.

### Highlights

#### Operational

Significant progress made towards the Company's objective of commencing electricity generation in 2009.

Two 2MW gasification units together with gas conversion engines ordered from preferred suppliers in the US and Europe and are expected to be commissioned in 2009.

Offer received from Latvian Government to supply 4MW of electricity from Vudlande plant with potential revenues of €24 million over a five-year initial term (based on an indicative price of €150 per MWh).

25 identified projects of which 12 have non binding Letters of Intent ("LoI") with potential aggregate capacity of 48MW.

Of these LoI's :

5 are in early stages of the planning and permitting process

3 are in advanced stages of planning and permitting

2 are in advanced planning stages with equipment ordered

#### Financial

Revenues of €3.2 million in line with expectations.

Loss (excluding one-off listing costs) for the period reduced to €2.1 million representing a 20 per cent. improvement on the prior year comparable period (2007 loss: €2.6 million).

Additional capital of €967,556 (before expenses) sourced from a variety of institutional investors in February 2009.

Total cash of €1.7 million at the period end

Donal Buckley, Chief Executive of Kedco, commented:

"We are extremely pleased with the progress we have made on our project pipeline of which nearly half have signed, non-binding, letters of intent in place. This was a key objective of the Board and we intend to convert the majority of these into electricity generating plants in the medium-term.

"As well as significant progress with our pipeline of projects, we also admitted the Company's shares to trading on AIM in October 2008, which we believe is a significant step in taking the business to the next stage in it's development.

The Board of Kedco looks forward to the next year with confidence and excitement."

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#### Chairman's Statement

I am delighted to report another period of solid progress for Kedco. Since our admission to the Alternative Investment Market of the London Stock Exchange in October 2008 we have made significant advances in developing and implementing our strategy to deliver shareholder value from the sale and operation in partnership of biomass waste-to-energy power plants.

Kedco acts as a platform-provider, sourcing waste-to-energy technologies for sale to a customer base that includes medium-sized waste operators, food companies, agricultural operators and local municipal authorities. We partner with our customers to own and operate electricity generating plants, utilising our customers' waste as feedstock. In this way, the environmental and financial costs relating to waste disposal are alleviated. We use two tried and tested technologies, being gasification of wood and wood waste and anaerobic digestion of either food or agricultural waste, to convert the waste into renewable energy.

The alternative energy sector is currently being driven by regulation and legislation and we believe that the new UK Energy bill will create additional opportunities for Kedco when it comes into effect on 1 April 2009. In our view, the most significant change to the regulatory regime is the shift to differing levels of Government incentive dependent on the renewable technologies utilised. We are delighted that the waste-to-energy sector will receive a doubling of such incentives.

We have continued to progress those projects for which we had signed, non-binding letters of intent at the time of our admission to AIM. In respect of the two most advanced projects, we have entered into partnership contracts with two medium-sized waste operators with the intention of building and operating plants which will convert wood waste into electricity using gasification technology. The gasification technology in respect of these projects has been ordered and we intend it to be installed and operational in 2009.

I would like to thank all Kedco employees for their continued commitment and achievements, especially over the past nine months. I would also like to thank the growing number of shareholders for their continuing interest and ongoing support of Kedco plc.

William Kingston

Chairman

Chief Executive's Report

Operational review

In the six months to 31 December 2008 the performance of the Company was in line with our expectations.

We have made significant progress in our objective of commencing the generation of electricity in the second half of 2009 and currently have 12 non-binding, signed letters of intent in place with potential partners.

Two 2MW gasification units together with gas conversion engines have been ordered from our preferred suppliers in respect of our two most imminent projects. It is intended that these plants will be commissioned over the coming months. Partnership agreements have been signed with the respective customers and the remaining legal agreements are currently being finalised.

In respect of these and three other projects, we are engaged in the final stages of the planning process. The three other projects utilise anaerobic digestion technology.

An additional five letters of intent were announced to the market on 17 March 2009 and relate to projects that are at a relatively early stage of contract negotiation and planning.

In total, these 12 Lols have a potential aggregate capacity of 48MW. The 25 specific opportunities identified at the time of our admission to AIM, of which the 12 Lols form a part, have a potential aggregate capacity of 102MW.

We also announced on 17 March 2009 that the Latvian Government had offered Kedco an initial five-year contract to supply 4MW of electricity generated from biomass renewable sources. It has always been the Board's ambition to build a gasification plant on this site and the contract will allow Kedco to sell the electricity it generates at a variable price referenced to the prevailing wholesale gas price. The Board estimates that the project could generate up to approximately €24m in revenues over the initial term (based on an indicative price of €150 per MWh). We are currently considering the financing and timing implications of the project and will make a further announcement in due course.

The current economic climate has been challenging for Kedco Energy where we supply biomass boilers to domestic and commercial markets and produce and sell wood and other biomass products. We have experienced encouraging demand for our boilers albeit that this has tended to be in respect of our products for the domestic market which have a lower retail value than commercial market products. However, the increased demand for domestic boilers has been offset by reduced demand for our wood and biomass products where market conditions remain challenging.

The market conditions, together with our increased focus on the activities of the Kedco Power division, has led to a decline in revenues in line with our expectations.

Financial review

Revenues in the first half to 31 December 2008 related entirely to the Kedco Energy division and decreased to €3,220,751, a reduction of 20 per cent. when compared with the corresponding period for the prior year. The loss for the period was €3,029,830 (2007: €2,611,997) which included one off listing costs of €946,024. This loss includes 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 bank balances at the period end were €4.7m. This

we continue to manage our financial resources prudently. Cash and bank balances at the period end were €1.7m. This balance is stated after paying deposits of approximately €2.7m to suppliers of gasification units. On 20 February 2009 the Company raised €967,556 before expenses from a variety of institutional investors.

## 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 continued effect of the downturn in the global economy on Kedco Energy's trading activities and 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.

We are engaged with a select number of partners in the waste-to-energy sector. I am confident that we are on course to execute commercial agreements with these partners and to build electricity generating plants which will enhance Kedco shareholder value.

The Board' and management of Kedco looks forward to the future with confidence and excitement.

Donal Buckley

CEO

## Independent Review Report to Kedco plc

### Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2008 which comprises the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the condensed set of financial statements.

This report is made solely to the company, in accordance with the International Standard on Review Engagements, 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

### Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Listing Rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

#### Our Responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom and Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independent Review Report to Kedco plc

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2008 is not prepared, in all material respects, in accordance with International Accounting Standards 34 as adopted by the European Union and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

#### DELOITTE & TOUCHE

Chartered Accountants and Auditors

Cork

Ireland

Date: 20th March 2009

Note: A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area. Legislation in Ireland governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

	Notes	31 December 2008	31 December 2007
		€	€
<b>Continuing operations</b>			
Revenue	4	3,220,751	4,227,428
Cost of sales		(2,722,957)	(3,756,347)
		<hr/>	<hr/>

<b>Gross profit</b>		497,794	471,081
<b>Operating expenses</b>			
Administrative expenses		(2,356,953)	(2,688,479)
One-off listing costs		(946,024)	-
<b>Operating loss</b>		(2,805,183)	(2,217,398)
Finance costs		(323,834)	(394,940)
Finance income		99,187	341
<b>Loss before taxation</b>		(3,029,830)	(2,611,997)
Income tax	5	-	-
<b>Loss for the period</b>		(3,029,830)	(2,611,997)
<b>Attributable to:</b>			
Equity holders of the parent		(2,989,249)	(2,642,702)
Minority interest		(40,581)	30,705
		(3,029,830)	(2,611,997)

Basic loss per share:

From continuing operations6(0.017)(0.029)

Diluted loss per share:

From continuing operations6(0.015)(0.029)

Condensed consolidated balance sheet at 31 December 2008

	Notes	
	31 December 2008	30 June 2008
Assets	€	€
Non-current assets		
Goodwill	7 549,451	549,451
Other intangible assets	200,401	234,301
Property, plant and equipment	8 5,233,161	5,024,351
	5,983,013	5,808,103
Assets classified as held for sale	1,602,256	1,602,256
Total non-current assets	7,585,269	7,410,359
Current assets		
Inventories	1,157,558	1,625,316
Trade and other receivables	9 4,817,679	1,375,790
Cash and bank balances	1,747,422	306,238
Total current assets	7,722,659	3,307,344
Total assets	15,307,928	10,717,703

Equity and liabilities

Equity

Equity

Share capital	10	2,985,645	1,807,933
Share premium	10	13,974,589	7,084,737
Retained earnings - deficit		(11,094,880)	(8,133,321)
Equity attributable to equity holders of the parent		5,865,354	759,349
Minority interest		557,682	596,651
Total equity		6,423,036	1,356,000

Non-current liabilities

Borrowings	5,307,321	5,178,679
Deferred income - government grants	59,448	71,501
Finance lease liabilities	175,513	243,009
Deferred tax liability	81,078	80,860
	5,623,360	5,574,049

Liabilities associated with assets as held for sale

	1,763,177	1,743,986
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Total non-current liabilities	7,386,537	7,318,035
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Current liabilities

Trade and other payables	798,844	1,318,627
Borrowings	632,504	571,406
Deferred income - government grants	24,495	24,431
Finance lease liabilities	42,512	129,204
Total current liabilities	1,498,355	2,043,668

Total equity and liabilities	15,307,928	10,717,703
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Condensed consolidated statement of changes in equity

Six months ended 31 December 2007

	Share capital	Share premium	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total
	€	€	€	€	€	€
Balance at 1 July 2007	1,000,000	1,605,000	(4,157,475)	(1,552,475)	573,498	(978,977)

Issue of ordinary

shares	214,838	1,273,847	-	1,488,685	-	1,488,685
(Loss)/profit for the period	-	-	(2,642,702)	(2,642,702)	30,705	(2,611,997)
Balance at 31 December 2007	1,214,838	2,878,847	(6,800,177)	(2,706,492)	604,203	(2,102,289)
Six months ended 31 December 2008						

	Share capital	Share premium	Retained earnings	Attributable to equity holders of the parent	Minority interest	Total
	€	€	€	€	€	€
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
Ordinary shares issued by Kedco plc in a share for share exchange	1,994,465	32,908,669	-	34,903,134	-	34,903,134
A ordinary shares issued by Kedco plc in a share for share exchange	498,616	-	-	498,616	-	498,616
Issue of A 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 for the period	-	-	(2,989,249)	(2,989,249)	(40,581)	(3,029,830)
Unrealised foreign exchange loss	-	-	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

Consolidated cash flow statement for the six months ended 31 December 2008

	Six months ended 31 December 2008	Six months ended 31 December 2007
	€	€
Cash flows from operating activities		
Loss before taxation	(3,029,830)	(2,611,997)
Adjustments for:		
Depreciation of property, plant and equipment	255,033	273,109
Amortisation of intangible assets	41,563	41,636
Unrealised foreign exchange loss	16,587	-
Interest expense	323,834	394,940
Interest income	(99,187)	(341)
Operating cash flows before working capital changes		



	(2,492,000)	(1,902,653)
(Increase)/decrease in:		
Trade and other receivables	(2,947,296)	116,286
Inventories	467,758	27,639
(Decrease)/increase in:		
Trade and other payables	(489,731)	837,499
	(5,461,269)	(921,229)
Net interest paid	(268,495)	(394,599)
Net cash used in operating activities	(5,729,764)	(1,315,828)
Cash flows from investing activities		
Additions to property, plant and equipment	(518,717)	(1,009,870)
Additions to intangibles	(7,660)	-
Proceeds from disposal of property, plant and equipment	67,582	-
Net cash used in investing activities	(458,795)	(1,009,870)
Cash flows from financing activities		
Net proceeds from borrowings	147,833	826,269
Proceeds from issuance of ordinary shares	7,575,000	1,255,000
Payments of finance leases	(154,188)	(64,997)
Net cash from financing activities	7,568,645	2,016,272
Net increase/(decrease) in cash and cash equivalents	1,380,086	(309,426)
Cash and cash equivalents at the beginning of the financial period	(265,168)	(123,489)
Cash and cash equivalents at the end of the financial period	1,114,918	(432,915)

Notes to the condensed consolidated financial statements for the six months ended 31 December 2008

#### 1. 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 Kedco group has historically prepared its annual financial statements under Irish Generally Accepted Accounting Practice ('Irish GAAP'); however, as required by AIM rules, the Kedco group will in future prepare its annual financial statements under International Financial Reporting Standards and International Financial Reporting Council 'IFRIC' interpretations as adopted by the European Union ('IFRS'). Kedco has adopted IFRS with effect from 14 March 2005 as part of the financial information included in the admission document, which is publicly available. The Company will apply IFRS in its financial statements in its Annual Report for the year ended 30 June 2009. Therefore these interim statements for the six months ended 31 December 2008 are prepared using accounting policies in accordance with IFRS in so far as concerns recognition, measurements and presentation that are expected to be applicable to the financial statements for the year ended 30 June 2009.

These standards remain subject to ongoing amendment and/or interpretation and are therefore still subject to change. Accordingly, information contained in these interim financial statements may need to be updated for subsequent amendments to IFRS required for first time adoption or for new standards issued after the balance sheet date.

The basis of preparation and accounting policies followed in the Interim Report differ from those set out in the Annual Report and Financial Statements for the year ended 30 June 2008, which were prepared in accordance with Irish GAAP.

This report has been prepared in accordance with IAS 34 'Interim Financial Reporting'.

A detailed explanation of the impact of the transition from Irish GAAP to IFRS, setting out the restatement of the comparatives for the year ended 30 June 2008, was provided in the documents accompanying the admission document, and issued to the Stock Exchange on 20 October 2008. Details of the significant accounting policies used in the preparation of the Company's reported results under IFRS and therefore applied in the preparation of this Interim Report were also provided within the financial information of Kedco Block Holdings Limited included in the admission document and are available on the Company's website at [www.kedco.com](http://www.kedco.com).

The financial information in this interim report does not comprise the statutory financial statements of the Company, a copy of which is required to be annexed to the Company's annual return to the Companies Registration Office. A copy of the financial statements in respect of the financial period ended 30 June 2008 has been annexed to the Company's annual return for 2008. The auditors of the Company have made a report, without any qualification on their audit, on the financial statements of the Company in respect of the financial period ended 30 June 2008.

The results for the six months to 31 December 2008 and 31 December 2007 are unaudited.

## 2. Basis of consolidation

The interim condensed consolidated financial statements include the financial statements of the Company and all subsidiaries. The financial year 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.

On 13 October 2008, the Group, previously headed by Kedco Block Holdings Limited underwent a re-organisation by virtue of which Kedco Block Holdings Limited's shareholders, in their entirety, exchanged their shares for shares in Kedco

virtue of which Kedco Block Holdings Limited's shareholders, in their entirety, exchanged their shares, for shares in Kedco plc, a newly formed company. Kedco plc then became the ultimate parent company of the Group. Notwithstanding the change in the legal parent of the Group, this transaction has been accounted for as a reverse asset acquisition under IFRS 3 Business Combinations and these interim condensed consolidated financial statements are prepared on the basis of the new legal parent, Kedco plc, having been acquired by the existing Group. As a result of applying reverse asset acquisition accounting, the condensed consolidated financial statements are a continuation of the financial statements of Kedco Block Holdings Limited and its subsidiaries.

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.

### 3. Significant accounting policies

Apart from the policies set out below, the principal accounting policies used in preparing the interim condensed consolidated financial statements are unchanged from those disclosed in the consolidated financial information included in the admission document for the period ended 30 June 2008. The financial information included in the admission document relates to Kedco Block Holdings Limited. Prior to the incorporation of Kedco plc, Kedco Block Holdings Limited was the ultimate holding company of the Kedco group.

#### Share-based payments

The Group operates an equity settled share-based Long Term Incentive Plan (the "LTIP"). Group share schemes allow employees to acquire shares in the Company. The fair value of share entitlements is recognised as an employee expense in the income statement with a corresponding increase in equity. Share entitlements granted by the Company under the LTIP are subject to non-market vesting conditions. Non-market vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date.

The expense for the share entitlements shown in the income statement is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight-line basis over the vesting period. The cumulative charge to the income statement is reversed only where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the Group before the end of the vesting period.

### 4. Segment reporting

Segment information is presented in respect of the Group's business segments. This is based on the Group's management and internal reporting structure.

The Group's activity comprises two separate business segments, Kedco Power and Kedco Energy.

The Kedco Power business segment 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.

Segment information by Business Segment Six months ended 31 December 2008 Six months ended 31 December 2007

Revenue by business	€	€
Continuing operations		
Kedco Power	-	-
Kedco Energy	3,220,751	4,227,428
Total Revenue	3,220,751	4,227,428
Operating loss		
Continuing operations		
Kedco Power	(706,052)	(364,098)
Kedco Energy	(715,414)	(1,075,359)
	(1,421,466)	(1,439,457)
Unallocated group costs	(437,693)	(777,941)
Unallocated flotation costs	(946,024)	-
Operating loss from continuing operations	(2,805,183)	(2,217,398)

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:

'Operating loss' is profit 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.

## 5. Income tax

An income tax charge does not arise for the 6 months ended 31 December 2008 or 31 December 2007 as the effective tax rate applicable to expected total annual earnings is Nil as the Group have sufficient tax losses coming forward to offset against any taxable profits. A deferred tax asset has not been recognised for the losses coming forward.

## 6. Earnings per share

Six months ended

Six months ended

	Six months ended 31 December 2008	Six months ended 31 December 2007
	€	€
	Euro per share	Euro per share

Basic loss per share

From continuing operations	(0.017)	(0.029)
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Diluted loss per share

From continuing operations	(0.015)	(0.029)
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Basic loss per share

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

	Six months ended 31 December 2008	Six months ended 31 December 2007
	(Unaudited)	(Unaudited)
	€	€
Loss for year attributable to equity holders of the parent	(3,029,830)	(2,611,997)

	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share	181,175,867	91,458,560

Diluted loss per share

The loss used in the calculation of the diluted loss per share measure is the same as that for the equivalent basic loss per share as outlined above.

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

	Six months ended 31 December 2008	Six months ended 31 December 2007
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic loss per share	181,175,867	91,458,560

Share deemed to be issued in respect of:

Long-term incentive plan	16,418,777	-
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Weighted average number of ordinary shares used in the calculation of diluted loss per share

197,594,644	91,458,560
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7. Goodwill At 31 December 2008 At 30 June 2008

€	€
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Balance at beginning and end of the period	549,451	549,451
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The goodwill of €549,451 in the Kedco Energy business segment arose on the acquisition in February 2006 of an 80% shareholding in SIA Vudlande, a limited liability company incorporated in Latvia.

Goodwill is subject to impairment testing on an annual basis. Impairment testing is carried out by comparing the carrying value of the goodwill to its recoverable amount, generally its current value-in-use.

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

## 8. Property, plant and equipment

During the period, the Group invested €438,282 in improving the efficiency of its biomass wood processing plant in Latvia. This investment was financed through debt.

## 9. Trade and other receivables

Included in trade and other receivables at 31 December 2008 are deposits paid to suppliers of gasification units totalling €2,678,769 and unpaid share capital of €492,563 relating to the issue of 49,256,332 A Shares of €0.01 each as part of the Long Term Incentive Plan for employees.

## 10. Share capital

Kedco plc

	Allotted		Allotted
At 31 December 2008	Authorised	and called up	Authorised and called up
(Unaudited)			

Number	Number	€	€
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Ordinary shares

of €0.01 each	10,000,000,000	199,446,480	100,000,000	1,994,465
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A shares

of €0.01 each	10,000,000,000	99,117,952	100,000,000	991,180
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Kedco Block Holdings Limited

At 30 June 2008 (Audited)	Authorised Number	Allotted Number	Authorised and called up €	Allotted and called up €
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Ordinary shares

Of €1.00 each

100,000,000	1,807,933	100,000,000	1,807,933
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At 31 December 2008

(Unaudited)

Ordinary shares of €1.00 each

100,000,000	2,493,081	100,000,000	2,493,081
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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.

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 asset 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 asset 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 2008

Kedco Block Holdings Limited:

On 22 August 2008 Kedco Block Holdings Limited issued 685,148 ordinary shares of €1.00 each at a premium of €6,889,852.

Kedco plc:

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.

On 14 October 2008 a new class of shares was created, namely 10,000,000,000 A Shares, in connection with the Long-Term Incentive Plan.

On 14 October 2008 20% of the existing issued ordinary shares were converted and re-designated as A Shares.

On 15 October 2008, the Company acquired, for no consideration, 3,048,000 ordinary shares and 762,000 A shares held by the subscriber shareholders of the Company and the shares acquired were subsequently cancelled.

On 16 October 2008, the Company allotted and issued 49,256,332 A shares with a nominal value of €0.01 per share to certain employees of the Group pursuant to the Long Term Incentive Plan.

#### 11. Share-based payments

On 16 October 2008 the Group established a Long Term Incentive Plan (the "LTIP") under the terms of which certain employees subscribed for A Shares at a subscription price being the par value of €0.01 each that reflected the restricted nature and contingent value attaching to such shares.

All A Shares will convert into Ordinary Shares with full voting and dividend rights following the achievement by management of the Group of any one of the following performance related targets:

the Group, for any financial year ending on or prior to 30 June 2011, achieving EBITDA of at least €14 million in respect of such financial year; or

the Group, for any financial year ending on or prior to 30 June 2011, achieving EBITDA of at least €7 million in respect of such financial year (conversion only taking place after 30 June 2011 notwithstanding the achievement of the relevant target in an earlier year); or

the Group, for the financial year ending on 30 June 2011 and for the financial year ending on 30 June 2012, achieving cumulative EBITDA of at least €14 million over the period of such financial years.

EBITDA in respect of any relevant financial period means the earnings of the Group before interest, taxation, depreciation and amortisation by reference to the profit and loss account of the Group for the relevant financial period (based on the audited financial statements of the Group for such financial period) which shall be calculated both in accordance with IFRS and in accordance with the same accounting principles and policies applied by the Group in previous years (IFRS prevailing in the case of conflict).

If the EBITDA targets referred to above are not met then the conversion of the A Shares shall not occur and the Group may redeem these A Shares, subject to adequate reserves, at the par value thereof.

If a successful offer is made to acquire control of a majority of the shares in the Group or all, or substantially all, of its assets, immediately prior to completion of such an offer, the A Shares will convert into Ordinary Shares so that they become eligible to participate in such an offer notwithstanding if such an offer occurs prior to 30 June 2012.

The Group will have an option to redeem all A Shares (at the original subscription price) held by a member of management who leaves the Group's employment for whatever reason before the date of conversion save for:

where a member of management ceases to be an employee of the Group by reason of death or permanent disability. In this instance the A Shares will pass to the deceased's estate (in the case of death) or will be retained by him/her (in the case of permanent disability) pending confirmation as to whether conversion shall occur; and



where a member of management ceases to be an employee of the Group (for any reason whatsoever) after the end of a particular financial year (or years), but before EBITDA is determined based on the audited accounts for that year (or years), then if the relevant Targets are achieved for such financial year (or years) such person will, notwithstanding his/her departure from the Group, remain entitled to benefit under this incentive scheme and have his/her A Shares converted and re-designated into Ordinary Shares.

Details of the LTIP shares are as follows:

Issue Date	Number of LTIP A shares	Issue Price	Fair Value at issue date	Expense in Income Statement 2008
16 October 2008				
	49,256,332	€0.01	€0.01	€Nil

The fair value assigned to the LTIP shares is the par value of the shares issued based on the short length of time that has elapsed between their issue on 16 October 2008 and the date of this report 31 December 2008.

No amount has been charged to the income statement in the period to recognise the fair value as the directors do not consider such charge to be material based on the short length of the vesting period which has elapsed between the issue of the A shares and the date of this report.

#### 12. Events after the balance sheet date

During February 2009 the Company raised €967,556, before expenses, from a selection of institutional investors. The proceeds from the placing will be used to develop further projects, as the business continues to deliver its strategy of identifying joint venture partners for its waste to energy solutions in the UK and Ireland.

#### 13. Approval of financial statements

The financial statements for the six months ended 31 December 2008, which comply with IAS 34, were approved by the Board of Directors of the Company on 20th March 2009.

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