

Trading Update

26 June 2009

Kedco plc

("Kedco" or the "Group")

Trading update

Kedco, the Irish-based energy group focusing on green-energy production in the UK and Ireland announces that it has signed a joint venture agreement in relation to a project located in London. This agreement provides for equity financing to be provided by a third-party, which has been secured and covers the lease of the site and feedstock supply. The feedstock supply agreement is for up to 60,000 tonnes per annum and will run for 10 years. This amount of annual feedstock can be used to generate up to 12MW of electrical power and up to 10MW of heat or thermal power per annum. The Group is currently in the process of securing the requisite debt finance and final permitting approval for this project.

The Group is presently engaged in the construction of a 4MW biomass gasification plant at another site in the UK. Due to a delay in the completion of this plant, the profit from the project will not now be recognised in the current financial year. As a result Group results for the financial year ended 30 June 2009 will be materially lower than analysts' expectations. However, the Directors still expect the Group to produce electricity in the second half of 2009, as outlined in the admission document of October 2008, and therefore now expect to recognise the profit from the project in the year ending 30 June 2010.

Kedco and/or its intended future partners now have five biomass electricity generating projects on which full planning and permitting have been achieved and the project pipeline continues to grow with two additional significant contracts presently being negotiated.

Kedco currently has 30 identified projects of which one has signed contracts, two have binding letters of intent ("LoI") and 15 have non-binding Lols. Of these 18 projects, which have a potential aggregate capacity of 72 MW:

5 have full planning and permitting of which one is presently under construction

1 is in advanced stages of planning and permitting

5 are in early stages of the planning and permitting

7 are in pre-planning and permitting

The Group has also made significant advancements in its strategy of deploying smaller anaerobic digestion and gasification plants (75KW to 500KW) to the marketplace. These plants enable localised generation of electricity and heat on a small scale suitable for businesses such as supermarkets, small hospitals and healthcare centres, hotels, government buildings and food production companies. It is anticipated that Kedco will have Europe's first small proven containerised 75KW gasifier operational in the near future. This plant is currently being commissioned. The Directors believe that the market for this size of product is significant.

Donal Buckley, Chief Executive of Kedco said:

"We are delighted that the London joint venture agreement has been successfully signed as it secures us with the platform for the plant and a significant feedstock supply with visibility for up to ten years.

In relation to our other imminent project, the installation and build-out of the gasification plant is underway and despite the delay, we look to be producing electricity from the plant in the second half of 2009 in line with our stated strategy.

The movement into the smaller technologies opens up a larger market for the Group that has the potential to earn Kedco both additional short-term and recurring revenues.

These are significant agreements as we move closer to delivering value to our shareholders through the production of electricity in the second half of 2009."

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