REACT Energy PLC – 'In Examination'

Chairman's and Chief Executive's Report

The period under review has been a very difficult time for the Group. The effects of the credit crisis and the contraction of economies from 2008 to 2012 meant that the Group has had to continually refocus its operations and seek to stabilize its financial position. The technology choice made in 2008 and the subsequent reliance on one early stage gasification technology in relation to the larger Biomass projects proved to be an incorrect and financially damaging one. The Group did source funding at the beginning of the financial year in question and towards the end of 2014 had engaged with a strategic investor who was prepared to back the Group with technology and finance. The actions by the landlord on the Enfield Biomass site meant that this investor stepped back and reconsidered its options.

This led to considerable financial pressure from creditors, landlords and loan note holders some of whom were shareholders. As a result the directors, with the support of the secured loan note holder and the convertible loan note holder, who is also the Company's largest shareholder, felt that they were left with no option but to seek the protection of the court under Irish Examinership provisions.

The shares in REACT have been suspended from trading on AIM since 1 December 2014 pending a clarification of the Company's financial position.

On 13 May 2015 the Company announced that it had made a petition to the High Court in Ireland to appoint an examiner to the company: The announcement noted:

"Under Irish Law the examinership process provides court protection to enable the appointed examiner of companies to put together a scheme of arrangement with creditors with a view to allowing the companies to trade as sustainable businesses post the examinership.

REACT and related companies have sought to enter examinership with the objective of restructuring the business to create a sustainable business model which is currently hampered due to funding issues arising from inter alia disputes with landlords and legal actions by certain creditors.

The decision to seek examinership follows the suspension of funding discussions with a strategic investor which resulted from a dispute with the landlord on its Enfield site, related difficulties in financing the repowering of its Newry site and actions taken by certain creditors of REACT and related companies.

An Independent Accountants' Report from Grant Thornton on REACT and related companies has concluded that it is possible for a sustainable and profitable business to emerge from the examinership process based on a restructuring of REACT and related companies. Altair Group Investment Limited, an existing loan note holder, is prepared to support REACT throughout the examinership process and together with a third party strategic investor have indicated that they would be prepared to invest in REACT to facilitate a scheme of arrangement for the restructured business.

REACT also announces that as part of the examinership process it has issued a loan note to Altair Group Investment Limited ("Altair") for up to EUR 500,000. The proceeds of the loan note will be used to fund the examinership process. The loan note is repayable 14 business days after the end of the examinership period and carries an annual interest rate of 9%. REACT has also signed a Deed of Amendment and Confirmation with Altair the purpose of which is to confirm that the security attaching to the one year £1.5 million 9% Secured Loan Note issued to Altair announced on 24 June 2014 comprising a first charge held by REACT in its project operating and development companies, also attaches to further monies advanced by Altair to REACT."

On 20 May 2015 an Examiner was appointed to the Company.

REACT Energy PLC – ‘In Examination’

Chairman's and Chief Executive's Report - continued

The Examiner appointed to REACT (and its related companies) continues to conduct a review of the Company's affairs and has formulated proposals for a scheme of arrangement (the "Scheme"), which were to be presented at meetings of the Company's shareholders and creditors and, it is expected, for the subsequent approval of the High Court in Ireland. On 10 June, the Examiner appointed to REACT (and its related companies) presented proposals for the Scheme to the Company’s shareholders and creditors. The proposed scheme was unanimously approved by shareholders present and by the required majority of creditors present. The Examiner went to the High Court on 17 June to present his interim report.

FUNDING

The Company has been actively engaged in discussions with potential providers of finance. As announced on 8 June 2015, the Company signed a conditional facility letter with an investor for up to £900,000 (the "Loan Facility"), the drawdown of which is subject to certain conditions precedent being met under the Loan Facility, the Scheme being approved by shareholders and creditors and ultimately High Court approval of the Scheme.

SUMMARY OF THE INVESTOR PROPOSAL

Investor is registered in the UK and is a special purpose vehicle for the specific purpose of making the investment into the Company.

- The Loan Facility comprises a five year term loan of £900,000 at 15% per annum fixed rate of interest, payable monthly in arrears. The net proceeds of the loan will be utilised for corporate development and general working capital purposes. The Loan Facility is to be repaid by way of a bullet repayment of capital (and any accrued interest) on before the anniversary of 60 months from the date of drawdown of the Facility.

- Equity Kicker: An exercisable right is attached to the Loan Facility whereby 60 days from the drawdown under the Loan Facility, the investor has the right to an amount of fully paid new ordinary shares in the Company. The monetary value of the exercisable right will be determined by the following formula:

  9 million x (Average Share Price minus 10p), where the Average Share Price is the arithmetic average of the Company's closing share price on each of the 60 days following re-commencement of trading in the Company's shares. The value of this right has a cap of £600,000 and a floor of £200,000. The maximum number of shares is expected to be 3,529,412 Ordinary Shares in the Company.

- 35,300,000 Warrants are to be granted to a company related to the investor on drawdown of the Loan Note Facility, subject to any necessary shareholder and other regulatory requirements. These warrants will entitle the holders to subscribe for new ordinary shares in the capital of REACT at an exercise price of 10p per share. The Warrants are assignable and capable of being exercised for a period of seven years from the date on which the Loan Facility is drawn down.

- The right to appoint one director to the board of the Company.

Altair have agreed to subscribe £2 million for new 7.5% Secured Loan Note 2017 (the “New Altair Loan Note”) to be issued by REACT. The purpose of the subscription is to allow for the redemption in full of the existing 9% Secured Loan Note 2015.

CURRENT PORTFOLIO

The company's business is broken down into Biomass Combine Heat and Power (CHP) projects in the UK, Biomass Heat Projects in the UK and Wind Turbine projects in Ireland and the UK.

It is the intention of the Company to retain and with the help of its new investors to develop all projects within its pipeline.

Biomass Combined Heat and Power (CHP)

Newry

Newry Biomass is a 4MW Biomass advanced gasification project located in Newry, Co. Down, Northern Ireland. The project is a joint venture with Farmer Business Development plc the company's main shareholder.

Planning permission for waste to energy plant converting 25,000 tonnes per annum of Virgin Wood received in May 2009. The project qualified for 1.9 ROC's under the advanced gasification banding level. The project cost Stg£11.7m to construct and has been funded through shareholder equity and loans. REACT Energy plc invested Stg£5.75m and currently retains 49.11% of the economic benefit of the project whilst Farmers Business Development plc has 50.89%.

Due to underperformance of the original gasification technology a decision has been made to repower the project with a new technology. The project is currently on 'care and maintenance' programme pending additional funding required to engage a new technology provider.

Enfield, London

The Enfield Biomass project is a 12MW Biomass gasification project located in Enfield, London. The project has secured full planning and permitting approval and is ready to construct. The Company obtained an updated planning permission for converting 66,000 tonnes per annum of Grade C wood waste in January 2014. An environmental permit received April 2012.

The Company is in dispute with its landlord on the site who has sought to terminate the lease due to non-payment of rent.

Clay Cross

In Derbyshire, the Group, together with its partner Larkfleet Energy, is seeking approval to construct and operate a 12MW biomass conversion power plant. The planning application has been made. A decision on planning is expected by mid-2015.

Biomass Heat

The Group is also the project developer and operator of three existing cash generating Biomass Heat power plants in the UK and has 5 projects in development to be built over the near term.

The Culford School Biomass Heat plant in Suffolk which has a 15-year Heat Supply Agreement has been in operation for over 2 years and was sold into the Equitix SPV.

The Kimbolten School Biomass Heat plant in Cambridgeshire which also has a 15 year Heat Supply Agreement was recently brought into operation. It was also sold into the Equitix SPV

Chairman's and Chief Executive's Report - continued

In November 2013 the group also signed a 20-year Heat Supply Agreement with Old Buckenham Hall School in Suffolk and the Biomass Heat plant was recently brought into operation.

Equitix ESI Finance Limited ("Equitix") through a special purpose company provides REACT with access of up to £5 million of committed project finance from the Green Investment Bank and a number of institutional investors. The Company, sold the Culford and Kimbolten projects into this special purpose company owned by Equitix and the Company, for agreed consideration. The Company owns 30% of this special purpose company and receives development and on-going management fees from it.

Wind Electricity Generation

In Ireland the group is currently operating a cash generating 800kW wind turbine in Pluckanes, County Cork. This plant was part financed by AIB Bank plc and has a 15 year Power Purchase Agreement with Viridian Energy Limited.

The group has also received planning permission to construct 8 additional single wind turbine projects in Ireland.

REACT is in on-going discussion with a select number of landowners in the UK and Ireland regarding sites for the future development of energy infrastructure projects.

FINANCIAL POSITION

Key financial highlights	**6 Mths 2014**	**6 Mths 2013**
Income statement	**€'000**	**€'000**
Revenue from operating projects	154	36
Cost of sales	(10)	-
Administrative expenses (excl. w/offs and currency gains/losses)	(605)	(683)
Foreign currency (losses)/gains	(100)	27
Impairment of Newry project asset	(30)	-
Impairment of Enfield project asset	(432)	-
Impairment of Plymouth project asset	(74)	-
Impairment of Reforce Energy projects	(6)	(12)
Net finance and other costs/income	(198)	(46)
Share of (losses)/profits of joint ventures	-	(169)
Net profit/(loss) from discontinued operations	5,428	(164)
Profit/(loss) for the six month period before tax	4,127	(1,011)

The write off and impairment provisions of amounts in relation to the various projects are as a direct result of the financial position the company finds itself in.

OUTLOOK

The Company's immediate objectives are very clear:

- Obtain creditor and shareholder approval for the scheme of arrangement;
- Complete financing facility with Investor which provides funding for the foreseeable future; and
- Obtain Court approval for the scheme

Chairman's and Chief Executive's Report - continued

Our business strategy remains one of focusing Company's resources on delivering projects to financial closure and managing the implementation and operation of those projects.

Our intent is to retain a long-term income stream linked to profits generated by projects in addition to receiving a development fee from third parties in exchange for project equity.

The company has projects at an advanced state that are ready to be developed, and the development of these projects can enabled by funding provided with the assistance of Investor, Altair Group Investment Ltd, and other third party investors.

Dermot O'Connell
Chairman

Gerry Madden
Chief Executive

REACT Energy plc - 'In Examination'
Condensed Consolidated Income Statement
for the six months ended 31 December 2014

	Notes	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013 (Restated)
Continuing operations:		€	€
Revenue	5	153,985	36,267
Cost of sales		(9,772)	-
Gross profit		144,213	36,267
Operating expenses			
Administrative expenses		(610,648)	(694,733)
Impairment of property, plant and equipment		(506,390)	-
Impairment of financial assets		(29,806)	-
(Losses)/gains on foreign exchange		(100,275)	26,778
Operating (loss)		(1,102,906)	(631,688)
Finance costs		(198,030)	(46,224)
Share of losses on joint ventures after tax	9	-	(168,526)
Loss before taxation	5	(1,300,936)	(846,438)
Income tax expense	6	-	-
Loss for the period from continuing operations		(1,300,936)	(846,438)
Discontinued operations			
Profit/(Loss) for the period from discontinued operations	16	120,761	(164,274)
Profit recognised on de-recognition of subsidiaries	16	5,307,258	-
Profit/(loss) for the period from discontinued operations		5,428,019	(164,274)
Profit/(Loss) for the period		4,127,083	(1,010,712)
Profit/(Loss) attributable to:			
Owners of the Company		4,127,083	(1,010,712)
Non-controlling interest		-	-
		4,127,083	(1,010,712)

		6 months ended 31 Dec 2014 € Euro per share	6 months ended 31 Dec 2013 € Euro per share
Basic earnings/(loss) per share:			
From continuing and discontinued operations	7	0.135	(0.045)
From continuing operations	7	(0.042)	(0.038)
Diluted earnings/(loss) per share:			
From continuing and discontinued operations	7	0.135	(0.045)
From continuing operations	7	(0.042)	(0.038)

REACT Energy plc - 'In Examination'
Condensed Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2014

	6 months ended 31 Dec 2014 €	6 months ended 31 Dec 2013 €
Profit/(Loss) for the period	4,127,083	(1,010,712)
Other comprehensive income and expense		
Exchange differences arising on retranslation of foreign operations	(240,147)	(74,913)
Total comprehensive income and expense for the period	3,886,936	(1,085,625)
Attributable to:		
Owners of the company	3,886,936	(1,085,625)
Non-controlling interests	-	-
	3,886,936	(1,085,625)

REACT Energy plc - 'In Examination'
Condensed Consolidated Statement of Financial Position
As at 31 December 2014

	Notes	As at 31 Dec 2014 €	As at 30 June 2014 €
ASSETS			
Non-current assets			
Goodwill	11	-	-
Investment property	13	-	391,304
Property, plant and equipment	12	1,553,142	1,776,298
Financial assets	8	-	-
Total non-current assets		1,553,142	2,167,602
Current assets			
Amounts due from customers under construction contracts		150,847	121,661
Trade and other receivables		124,114	164,434
Cash and cash equivalents		299,460	744,524
Total current assets		574,421	1,030,619
Total assets		**2,127,563**	**3,198,221**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	13,006,149	13,006,149
Share premium		20,713,637	20,713,637
Retained earnings – deficit		(39,517,422)	(43,404,358)
Total deficit attributable to equity holders of the parent		(5,797,636)	(9,684,572)
Current liabilities			
Amounts due to customers under construction contracts		-	628,417
Trade and other payables		2,702,011	3,893,776
Borrowings	15	5,223,188	8,360,600
Total current liabilities		7,925,199	12,882,793
Total equity and liabilities		**2,127,563**	**3,198,221**

REACT Energy plc - 'In Examination'
Condensed Consolidated Statement of Changes in Equity
for the six months ended 31 December 2014 and the six months ended 31 December 2013

	Share capital	Share premium	Retained earnings	Contingent equity consideration	Attributable to equity holders of the parent
	€	€	€	€	€
Balance at 1 July 2013	12,176,200	19,090,865	(27,883,201)	600,000	3,983,864
(Loss) for the financial period	-	-	(1,010,712)	-	(1,010,712)
Unrealised foreign exchange loss	-	-	(74,913)	-	(74,913)
Balance at 31 December 2013	12,176,200	19,097,472	(26,076,079)	600,000	5,797,593
Balance at 1 July 2014	13,006,149	20,713,637	(43,404,358)	-	(9,684,572)
Profit for the financial period	-	-	4,127,083	-	4,127,083
Unrealised foreign exchange loss	-	-	(240,147)	-	(240,147)
Balance at 31 December 2014	13,006,149	20,713,637	(39,517,422)	-	(5,797,636)

REACT Energy plc - ‘In Examination’
Condensed Consolidated Statement of Cash Flows
for the six months ended 31 December 2014

	Notes	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013
Cash flows from operating activities		€	€
Profit/(Loss) before taxation		4,127,083	(1,010,712)
Adjustments for:			
Depreciation of property, plant and equipment		42,262	9,650
Impairment of property, plant and equipment		506,390	-
Impairment of financial assets		29,806	-
Impairment of amounts due from customers under construction contracts		6,301	11,665
Profit on disposal of property, plant and equipment		(10,601)	-
Gain recognised on de-recognition of subsidiaries on liquidation		(5,307,258)	-
Unrealised foreign exchange loss		(166,140)	(252,273)
Share of losses of jointly controlled entities after tax		-	168,526
Interest expense		198,030	132,784
Operating cash flows before working capital changes		(574,127)	(940,360)
(Increase)/decrease in:			
Amounts due from customers under construction contracts		(35,487)	(108,813)
Trade and other receivables		(4,932)	345,842
(Decrease)/increase in:			
Amounts due to customers under construction contracts		(129,197)	(81,190)
Trade and other payables		683,711	232,737
Net cash used in operating activities		**(60,032)**	**(551,784)**
Cash flows from investing activities			
Payments for property, plant and equipment		(592,855)	(1,474,499)
Proceeds from sale of property, plant and equipment		282,699	-
Net cash inflow on de-recognition of subsidiaries on liquidation	16	165,991	-
Net cash used in investing activities		**(144,165)**	**(1,474,499)**
Cash flows from financing activities			
Proceeds from borrowings		-	2,208,822
Repayments of borrowings		(11,250)	-
Payments for share issue costs		-	(500)
Interest paid		(52,609)	(72,141)
Net cash (used in)/from financing activities		**(63,859)**	**2,136,181**
Net (decrease)/increase in cash and cash equivalents		**(268,056)**	**109,898**
Cash and cash equivalents at the beginning of the financial period		567,511	(144,223)
Cash and cash equivalents at the end of the financial period		**299,455**	**(34,325)**

1. GENERAL INFORMATION

REACT Energy plc ("the Group") was incorporated in Ireland on 2 October 2008. The address of its registered office and principal place of business is Building 1000, City Gate, Mahon, Cork, Ireland. The Group's shares are listed on the London stock Exchange's AIM market.

The principal activity of the Group is to identify, develop, build, own and operate renewable energy electricity and heat generating power plants in the UK and Ireland. The Group focuses on both large and small scale projects, providing flexibility to maximise existing land positions while diversifying development and technology risks.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements are for the six months ended 31 December 2014 and are presented in Euro, which is the functional currency of the parent company. They have been prepared in accordance International Accounting Standard (IAS) 34 *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual financial statements in accordance with International Financial Reporting Standards (IFRSs), and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2013.

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of contingent assets and liabilities. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised.

The group incurred a loss on continuing operations of €1,300,936 (6 months ended 31 December 2013: €846,438) during the period ended 31 December 2014, and it had net current liabilities of €7,350,778 (30 June 2014: €11,852,174) and net liabilities of €5,797,636 (30 June 2014: €9,684,572) at 31 December 2014.

On 27 August 2014 the following non-trading and dormant group companies entered into voluntary liquidation and a liquidator was appointed: Kedco Block Holdings Limited, Kedco Energy Limited, Granig Trading Limited, Kedco Power Limited and Castle Homes Supplies Limited. From that date these companies and their respective assets and liabilities are no longer consolidated as part of group financial results.

On 29 September 2014, Kedco Fabrication Limited ("KFL"), entered into creditors' voluntary liquidation following the appointment of a liquidator to the company. From that date this company and its respective assets and liabilities are no longer consolidated as part of group financial results.

Assets of €403,385 (30 June 2014: €391,903) and liabilities of €5,710,643 (30 June 2014: €5,700,666) associated with subsidiaries that entered into creditors' voluntary liquidation were de-recognised and no longer included in the group's results as from the date of entering liquidation.

2. BASIS OF PREPARATION - continued

On 1 December 2014, the Company announced that the landlord of the Enfield Biomass project ("Enfield") site, the Foresight Group ("Foresight"), who are also a party to a Collaboration Agreement signed by the Company, gave the Company verbal notice purporting to terminate the Enfield Lease agreement in relation to the Enfield site. The Company contests Foresight's ability to terminate the lease under the terms of the Collaboration Agreement. As a result of the uncertainties surrounding this development, and the subsequent impact on the group's financial position, it was not in a position to conclude a position on going concern and thus not in a position to issue the accounts for the twelve months ended 30 June 2014. Arising from the financial position, trading on the London AIM in the ordinary shares of the Company were suspended.

On 13 May 2015, the Company announced that the directors of the Company and its related companies (Reforce Energy Limited, Grass Door Limited, Newry Biomass Limited, Enfield Biomass Limited and Plymouth Biomass Limited) have applied to the High Court in Dublin to seek the appointment of an examiner. On 20 May 2015, the Company announced that the High Court announced the approval of Mr. Carl Dillon as examiner to the above named companies. These companies are now under the protection of the court under the examinership procedure.

On 8 June 2015, the Company announced that it has signed a conditional facility letter with an investor for up to £900,000 (the "Loan Facility"), the drawdown of which is subject to certain conditions precedent being met under the Loan Facility, the Scheme being approved by shareholders and creditors and ultimately High Court Approval of the Scheme. The Loan Facility comprises a five year term loan of £900,000 at 15% per annum fixed rate of interest, payable monthly in arrears. The net proceeds of the loan will be utilised for corporate development and general working capital purposes.

The Group continues to invest capital in developing and expanding its portfolio of renewable energy projects. The nature of the Group's development programme means that the timing of funds generated from developments is difficult to predict. Management have prepared financial forecasts to estimate the likely cash requirements of the Group over the next twelve months. The forecasts include certain assumptions with regard to the costs of ongoing development projects, overheads and the timing and amount of any funds generated from developments. The forecasts indicate that the Group will require additional funds to continue with its activities and its planned development program.

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

The interim financial statements have been prepared on a going concern basis. The Directors have given careful consideration to the appropriateness of the going concern concept in the preparation of the interim financial statements. The validity of the going concern basis is dependent upon the Scheme of Arrangement proposed by the Examiner being approved by shareholders and creditors, completion of financing facility with investor and ultimately High Court Approval of the Scheme of Arrangement.

2. BASIS OF PREPARATION - continued

After making enquiries and considering the items referred to above, the Directors believe that progress towards securing finance has being made. The Directors have a reasonable expectation that the Company will successfully exit the examinership process and 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 interim financial statements. The interim financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

The interim financial information for both the six months ended 31 December 2014 and the comparative six months ended 31 December 2013 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 30 June 2014 represents an abbreviated version of the Group's financial statements for that year. Those financial statements contained an unqualified audit report. The interim condensed consolidated financial statements has neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

3. BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements include the financial statements of the Group and all subsidiaries. The financial period ends of all entities in the Group are coterminous.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used in preparing the interim condensed consolidated financial information are unchanged from those disclosed in the Annual Report and Accounts of REACT Energy plc for the year ended 30 June 2014.

5. SEGMENT REPORTING

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the products sold to customers. The Group's reportable segments under IFRS8 *Operating Segments* are as follows:

Power Generation: Being the development and operation of renewable energy electricity and heat generation plants; and

Renewable Energy Solutions: Being the supply of domestic boilers, solar panels and other related products. The Group is no longer acting in this segment and the relevant subsidiaries entered into liquidation in the period ended 31 December 2014 (see Note 16).

The Chief Operating Decision maker is defined as the Board of Directors.

Information regarding the Group's reportable segments is presented below.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

5. SEGMENT REPORTING - continued

	Segment Revenue		Segment (Loss)/Profit	
	6 Months ended 31 Dec 2014	6 Months ended 31 Dec 2013	6 Months ended 31 Dec 2014	6 Months ended 31 Dec 2013
	€	€	€	€
Power Generation	153,985	36,267	(129,953)	(217,160)
Total from continuing operations	153,985	36,267	(129,953)	(217,160)
Central administration costs and directors' salaries			(436,757)	(414,528)
Impairment of property, plant and equipment			(506,390)	-
Impairment of financial assets			(29,806)	-
Share of losses on joint ventures			-	(168,526)
Interest costs			(198,030)	(46,224)
Loss before taxation (continuing operations)			(1,300,936)	(846,438)

Revenue reported above represents revenue generated from external customers. Inter-segment sales for the six months ended 31 December 2014 amounted to € Nil (2013: €Nil). Included in revenues arising from sales in the Power Generation segment is €43,916 (2013: €Nil) arising from sales to an associated undertaking, GG Eco Energy Limited; €81,273 (2013: €36,267) arising from the sale of electricity; and €28,796 (2013: €Nil) with respect to the generation of heat.

Segment profit or loss represents the profit or loss earned by each segment without allocation of central administration costs and directors' salaries, other operating income, share of losses of jointly controlled entities, investment revenue and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Other segment information:

	Depreciation and amortisation		Additions to non-current assets	
	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013
	€	€	€	€
Power Generation	42,262	-	592,855	1,474,499

5. SEGMENT REPORTING - continued

In addition to the depreciation and amortisation reported above, impairment losses of €506,390 (2013: €Nil) were recognised in respect of property, plant and equipment. These impairment losses were attributable in full to the Power Generation segment.

The Group operates in two principal geographical areas: Republic of Ireland (country of domicile), and the United Kingdom. The Group's revenue from continuing operations from external customers and information about its non-current assets* by geographical location are detailed below:

	Revenue from Jointly Controlled Entities and External Customers		**Non-current assets***	
	6 Months to 31 Dec 2014	**6 Months to 31 Dec 2013**	**As at 31 Dec 2014**	**As at 30 Jun 2014**
	€	€	€	€
Republic of Ireland	81,273	36,267	1,381,057	1,417,401
United Kingdom	72,712	-	172,085	358,897
	153,985	32,267	1,553,142	1,776,298

* Non-current assets excluding financial instruments and investment in jointly controlled entities.

The management information provided to the chief operating decision maker does not include an analysis by reportable segment of assets and liabilities and accordingly no analysis by reportable segment of total assets or total liabilities is disclosed.

6. INCOME TAX EXPENSE

	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013
Income tax expense comprises:	€	€
Current tax	-	-
Deferred tax	-	-
Income tax expense recognised in profit or loss	-	-

An income tax charge does not arise for the six months ended 31 December 2014 or 31 December 2013 as the effective tax rate applicable to expected total annual earnings is Nil as the Group has sufficient tax losses coming forward to offset against any taxable profits. A deferred tax asset has not been recognised for the losses coming forward.

7. EARNINGS/(LOSS) PER SHARE

	6 months ended 31 Dec 2014 €	6 months ended 31 Dec 2013 (Restated) €
Basic and diluted earnings/(loss) per share		
From continuing operations	(0.042)	(0.038)
From discontinued operations	0.177	(0.007)
Total basic earnings/(loss) per share	0.135	(0.045)

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

	6 months ended 31 Dec 2014 €	6 months ended 31 Dec 2013 (Restated) €
Profit/(loss) for period attributable to equity holders of the parent	4,127,083	(1,010,712)
Profit/(loss) for period from discontinued operations used in the calculation of basic earnings per share from discontinued operations	5,428,019	(164,334)
Losses used in the calculation of basic loss per share from continuing operations	(1,300,936)	(846,378)
Weighted average number of ordinary shares for the purposes of basic loss per share	30,669,522	22,370,041

Anti-dilutive Potential Ordinary Shares

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted loss per share:

	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013
Ordinary shares to be issued as part of the purchase of Reforce Energy Limited on the satisfaction of certain conditions.	-	1,194,743
Share warrants in issue	1,142,248	1,582,106
Convertible preference shares in issue	-	62,500
Convertible loans in issue	13,239,683	3,813,043

8. FINANCIAL ASSETS

	6 Months 31 Dec 2014 €	12 Months 30 June 2014 €
Loans advanced to Jointly Controlled Entities		
Balance at start of period	-	6,233,268
Additions in year	29,806	171,837
Foreign currency exchange movement	-	422,608
Impairment of loan	(29,806)	(6,827,713)
Balance at end of period	-	-

9. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

Details of the Group's interests in jointly controlled entities at 31 December 2014 are as follows:

Name of jointly controlled entity	*Country of incorporation*	*Shareholding*	*Principal activity*
Newry Biomass Limited	Northern Ireland	50%*	Energy utility company
Asdee Renewables Limited	Republic of Ireland	50%	Energy utility company
Bridegreen Energy Limited	Republic of Ireland	50%	Energy utility company

* Under the terms of the joint venture agreement for Newry Biomass Limited, the split of the share of profits in the company are on the basis of (1) the aggregate amount of called up share capital in the company and (2) the nominal holdings of loan notes issued by the company. As a result of the loan notes issued by Newry Biomass Limited in the period ended 31 December 2011, the share of the profits/losses to which the Group is entitled to is 92%.

Summarised financial information in respect of the group's interests in jointly controlled entities is as follows:

	31 Dec 2014 €	30 Jun 2014 €
Non-current assets	5,111,168	4,994,381
Current Assets	32,278	31,639
Non-current liabilities	(7,371,792)	(6,936,214)
Current liabilities	(7,419,264)	(7,168,502)
Net liabilities	(9,647,610)	(9,078,696)
Group's share of net assets of jointly controlled entities	-	-

9. INVESTMENT IN JOINTLY CONTROLLED ENTITIES - continued

	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013
	€	€
Total revenue	-	18,855
Total expenses	(352,885)	(202,035)
Total loss for the period	(352,685)	(183,180)
Group's share of losses of jointly controlled entities	-	(168,526)

The Group has one material joint venture Newry Biomass Limited (NBL). The investment in NBL is accounted for using the equity method in accordance with IAS 28.

10. INVESTMENT IN ASSOCIATE UNDERTAKINGS

Details of the Group's interests in associated undertakings at 31 December 2014 are as follows:

Name of jointly controlled entity	*Country of incorporation*	*Shareholding*	*Principal activity*
GG Eco Energy Limited	England	30%	Operator of biomass heat generating projects

Summarised financial information in respect of the group's interests in associate undertakings is as follows:

	31 Dec 2014	30 Jun 2014
	€	€
Non-current assets	1,694,718	1,243,592
Current Assets	743,765	404,399
Non-current liabilities	(996,358)	(200,727)
Current liabilities	(1,615,367)	(1,552,754)
Net liabilities	(173,242)	(105,490)
Group's share of net assets of associated undertakings	-	-

	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013
	€	€
Total revenue	235,341	-
Total expenses	(300,265)	-
Total loss for the period	(64,924)	-
Group's share of losses of jointly controlled entities	-	-

The investment in GG Eco Energy Limited is accounted for using the equity method in accordance with IAS 28.

11. GOODWILL

	6 months ended 31 Dec 2014	6 months ended 30 June 2014
Cost	€	€
At start of period	3,640,829	2,249,200
Additional amounts recognised from business combinations occurring during the period	-	1,344,391
Foreign Currency adjustment	-	47,238
At end of period	3,640,829	3,640,829
Accumulated impairment losses		
At start of period	3,640,829	-
Impairment costs recognised in period	-	3,610,204
Foreign Currency adjustment	-	30,625
At end of period	3,640,829	3,640,829
Net book value	-	-

12. PROPERTY, PLANT AND EQUIPMENT

During the six month period ended 31 December 2014, the group incurred expenditure of €592,855 with respect to costs incurred in the development of various projects. Of this cost, €506,390 was judged to be impaired at 31 December 2014.

During the six month period ended 31 December 2014, the group disposed of a boiler to its 30% associate for €282,699, realising a gain of €10,601 on the transaction.

13. INVESTMENT PROPERTIES

Investment property with a value of €391,304 was derecognised in the consolidated accounts as the subsidiary that owned the property, Castle Home Supplies Limited, went into voluntary liquidation.

14. SHARE CAPITAL

There were no movements in share capital in the six months ended 31 December 2014.

15. BORROWINGS

Arising from the liquidation of certain subsidiaries (see note 16), borrowings with a carrying value of €3,322,921 (30 June 2014 €3,313,192) were derecognised by the Group in the period under review.

There were no new borrowings taken out by the Group in the 6 months ended 31 December 2014.

16. LIQUIDATION OF SUBSIDIARIES

On 27 August 2014 the following non-trading and dormant group companies entered into voluntary liquidation and a liquidator was appointed: Kedco Block Holdings Limited, Kedco Energy Limited, Granig Trading Limited, Kedco Power Limited and Castle Homes Supplies Limited. From that date these companies and their respective assets and liabilities are no longer consolidated as part of group financial results.

On 29 September 2014, Kedco Fabrication Limited ("KFL"), entered into creditors' voluntary liquidation following the appointment of a liquidator to the company. From that date this company and its respective assets and liabilities are no longer consolidated as part of group financial results.

The following assets and liabilities were no longer consolidated by the group as a result of the above liquidations:

	Carrying value at liquidation €	Carrying value at 30 Jun 2014 €
Assets		
Investment properties	391,304	391,304
Trade and other receivables	522	517
Cash on hand and at bank	11,559	82
Total assets relating to subsidiaries liquidated	403,385	391,903
Liabilities		
Amounts due to customers under construction contracts	499,220	628,417
Trade and other payables	1,888,502	1,759,057
Borrowings	3,322,921	3,313,192
Total liabilities relating to subsidiaries liquidated	5,710,643	5,700,666
Gain realised on derecognition of assets and liabilities relating to liquidated subsidiaries	5,307,258	

The profit for the period from the liquidated companies, now classified as discontinued operations, is analysed as follows:

	6 months ended 31 Dec 2014 €	6 months ended 31 Dec 2013 €
Profit/(loss) on discontinued operations for the period	120,761	(164,274)
Profit recognised on de-recognition of subsidiaries	5,307,258	-
Total profit for the period	5,428,019	(164,274)

16. LIQUIDATION OF SUBSIDIARIES - continued

The results of the discontinued operation for the relevant periods were as follows:

	6 months ended 31 Dec 2014	6 months ended 31 Dec 2013
	€	€
Revenue	147,552	117,474
Operating costs	(17,061)	(133,360)
Finance costs	(9,730)	(86,560)
Profit/(loss) before tax	120,761	(164,274)
Income tax charge	-	-
Profit/(loss) after tax	120,761	(164,274)

Net cash inflow on de-recognition of subsidiaries	€
Consideration paid in cash	-
Cash and cash equivalent balances disposed of (liability)	165,991
Net cash inflow on de-recognition	165,991

There was no other disposal of subsidiaries in the six months to 31 December 2014.

17. ACQUISITION OF SUBSIDIARIES

On 6 March 2014, the Group acquired through a newly incorporated wholly owned UK subsidiary Grass Door Limited, certain assets and business of GG Eco Solutions Limited (GGES) a developer and operator of biomass heat generation projects in the UK. The acquisition was made to enhance the Group's position in the mid-market biomass sector in the UK. GGES has a strong pipeline in the mid-market biomass sector, has already operational plants and has strong relationships with funders such as Equitix.

Further details of the acquisition of GGES are disclosed in the Group's financial statements for the year ended 30 June 2014.

18. COMMITMENTS AND CONTINGENCIES

There have been no other changes in contingent liabilities since the end of the previous reporting period, 30 June 2014.

19. RELATED PARTY TRANSACTIONS

During the period ended 31 December 2014, the Group realised €136,052 (2013: €105,974) from its jointly controlled entity, Newry Biomass Limited, on the sale of the construction of a 4MW gasification plant in Newry, Northern Ireland. These sales are included in the results for discontinued operations. Included in trade and other receivables at 31 December 2014 is €Nil due from Newry Biomass Limited (30 June 2014: €Nil, after fully providing for €1,613,628).

During the period ended 31 December 2014, the Group realised €43,916 (2013: €Nil) from its associated undertaking, GG Eco Energy Limited, on consultancy fees associated with the generation of heat. Included in trade and other receivables at 31 December 2014 is €4,775 due from GG Eco Energy Limited (30 June 2014: €Nil).

During the period ended 31 December 2014, the group disposed of a boiler to GG Eco Energy Limited for €282,699, realising a gain of €10,601 on the transaction.

During the period ended 31 December 2014, the group accrued interest on loan facilities received from Farmer Business Developments plc ("FBD") totalling €40,972 (6 months to 31 December 2013: €30,193). At 31 December 2014, the balances due to FBD with respect to the loan facilities, including rolled up interest, totalled €1,710,852 (30 June 2014: €1,669,880).

20. EVENTS AFTER THE REPORTING DATE

On 20 March 2015, Newry Biomass Limited (NBL) approved the issue of £5,702,523 of loan notes to Farmer Business Developments plc ("Farmers"). The proceeds from the issue of the loan notes were used to repay in full borrowings owed by NBL to Ulster Bank amounting to £5,425,000. The loan notes are interest free and are redeemable in 2026. As part of the joint venture agreement between the company and Farmers, while both parties have a 50% equity interest in NBL, the right to share in the profits of NBL is calculated by reference to how much capital each partner contributed to the project. Following the issue of the loan notes, Farmers are now entitled to 51% (increase from 8%) of the economic benefits derived from the project and REACT is now entitled to 49% (reduced from 92%). The directors believed that the repayment of the Ulster Bank borrowings, which included a first charge on the NBL assets, will significantly increase the ability of NBL to source the third party funding required to re-power the Newry Biomass project.

On 8 May 2015, Newry Biomass Limited issued one Kedco share of £1 each to Newry Biomass No. 1 Limited, a subsidiary of REACT Energy plc. As a result, Newry Biomass Limited is recognised as a subsidiary of the group from 8 May 2015 onwards.

On 13 May 2015, the Company announced that the directors of the Company and its related companies (Reforce Energy Limited, Grass Door Limited, Newry Biomass Limited, Enfield Biomass Limited and Plymouth Biomass Limited) have applied to the High Court in Dublin to seek the appointment of an examiner. On 20 May 2015, the Company announced that the High Court announced the approval of Mr. Carl Dillon as examiner to the above named companies. These companies are now under the protection of the court under the examination procedure.

20. EVENTS AFTER THE REPORTING DATE - continued

On 3 June 2015, the group announced that its subsidiary, Enfield Biomass Limited ("EBL"), filed particulars of a claim with the Chancery Division of the Royal Courts of Justice seeking a declaration that the landlord was not entitled to forfeit the lease, that no valid forfeiture took place and/or that the purported act of forfeiture was not effective to terminate the lease. Alternatively, EBL is seeking relief from forfeiture. EBL has also filed a Unilateral Notice application with the Land Registry in relation to its claim.

On 8 June 2015, the Company announced that it has signed a conditional facility letter with a third party investor for up to £900,000 (the "Loan Facility"), the drawdown of which is subject to certain conditions precedent being met under the Loan Facility, the Scheme being approved by shareholders and creditors and ultimately High Court Approval of the Scheme. The Loan Facility comprises a five year term loan of £900,000 at 15% per annum fixed rate of interest, payable monthly in arrears. The net proceeds of the loan will be utilised for corporate development and general working capital purposes. An exercisable right is attached to the Loan Facility whereby 60 days from the drawdown of the loan, the investor has the right to an amount of fully paid new Ordinary shares of the Company. The value of this right has a cap of £600,000 and a floor of £200,000. In addition, 35,300,000 warrants are to be granted to a company related to the investor on drawdown of the Loan Facility, subject to any necessary shareholder and other regulatory requirements. These warrants will entitle the holders to subscribe for new Ordinary shares of the Company at an exercise price of £0.10 per share. The warrants are assignable and capable of being exercised for a period of 7 years from the date on which the loan facility is drawn down.

21. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 31 December 2014, which comply with IAS 34, were approved by the Board of Directors on 22 June 2015.