Kedco plc

("Kedco" or the "Company")

Interim results
for the six months to 31 December 2011

Kedco plc, (AIM:KED) the renewable energy group focusing on the production of clean energy in the UK and Ireland, today announces its interim results for the six months to 31 December 2011.

Highlights

- Revenue increased to €11.7 million (H1 2011: €5.4 million) due to transfer of power generating equipment to the joint venture Newry plant
- Phase 1 of Newry biomass electricity and heat generating plant for initial 2MW is on budget and on schedule to complete initial commissioning in Q2 2012
- Advance stage of selection process for Engineer, Procure and Construct ("EPC") contractor for 12MW biomass wood gasification plant in Enfield, London
- Public consultation process completed in respect of two proposed plants for the production of 9MW of biomass electricity and heat, on a site in Clay Cross, Derbyshire in partnership with the Larkfleet Group
- A public exhibition was held in March 2012 to showcase the Company's plans in partnership with the Larkfleet Group to build a 1.3MW Anaerobic Digestion facility in Langham, Rutland
- Progressed negotiations for a site, including feedstock supply, for a 4MW power generation development in the UK
- Gross profit of €1.06 million (H1 2011: €1.3 million) reduced due to decrease in market price of sawn timber plus decision to hold finished goods in inventory until Q1 2012
- Generated Operating profit of €0.4 million (H1 2011: loss €0.45 million) and positive operating cash flows €0.6 million (H1 2011: €0.01 million) before working capital changes
- Loss before tax decreased to €0.37 million (H1 2010: €1.4 million) due to overhead cost reductions
- Restructuring and cost reduction delivered benefits in 2011 which continue into 2012
- Post period end, further equity of €0.4 million (net) raised on 3 February 2012

Gerry Madden, Interim CEO of Kedco, commented:

"The Company continues to make progress with our pipeline of renewable power generation projects. We successfully secured project finance for the Newry plant in November 2011, which demonstrates the Company's ability to develop and fund its project pipeline.

“We are pleased to have reported an operating profit and to have generated positive operating cash flows in the period and the Board is confident that the restructuring and cost reduction programme initiated in 2011 will continue to give benefits into 2012.

“All of our current projects are progressing to plan, and as we move on in 2012, the Company has a clear focus on creating shareholder value through execution of our project pipeline.”

- Ends -

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Note to Editors:

Kedco plc’s business strategy is to identify, develop, build, own and operate biomass electricity and heat generation plants in the UK and Ireland. These plants will contribute to the need for sustainable energy from renewable sources. Kedco also operates a biomass wood processing facility in Latvia.

The Company possesses significant knowledge of renewable energy markets, advance conversion technologies, biomass and waste fuel sources, project development, project finance and project delivery.

Kedco was admitted to trading on AIM, a market operated by the London Stock Exchange, in October 2008 (AIM:KED).

www.kedco.com

Chairman's Statement

I am pleased to report the Company's interim results for the six months ended 31 December 2011.

Kedco develops renewable energy projects that address climate change, greenhouse gas emissions, energy security, and energy sustainability issues. Our business strategy is to identify, develop, build, own and operate biomass electricity and heat generation plants using established technologies. The management team possesses significant knowledge of renewable energy markets, advanced conversion technologies, biomass and waste fuel sources, project development, project finance and project delivery.

Over the last five years Kedco has obtained full consent for the conversion of approximately 200,000 tonnes per annum of biomass into circa 22MW of energy. The Company has secured financing for a 4MW project in Newry, which is now approaching initial commissioning and is also proceeding to deliver value for its consented 12MW site in Enfield, London, as well as obtaining additional consents for Clay Cross, Rutland and exploring opportunities at other sites.

We have continued to make progress in developing biomass electricity and heat generating plants. Since my last report we have progressed our strategy of the disposal of non-core and underperforming assets and reducing overhead costs.

Our primary focus in this period was the finalisation of a banking facilities agreement in relation to our 4MW Newry project. We signed a binding facilities agreement in November 2011 and we announced initiation of funds drawdown in January of 2012. We look forward to the project completing the initial commissioning of the first 2MW during Q2 2012 and to full production of 4MW during mid 2013.

Following this successful completion of financing of the Newry project, we plan to develop aggressively our project pipeline and we will focus on our funding requirements, which will include additional debt and equity fundraisings.

We intend to maintain an equity interest in current and future projects, but retain the option of monetising assets where this is advantageous to shareholders. The Board is examining all available options in order to extract maximum shareholder value from these assets.

The coalition government in the UK has indicated, and we believe has demonstrated, that it remains strongly committed and supportive of renewable technologies. The Board believes that biomass electricity and heat technologies are integral to the UK's energy strategy in the future.

Our staff work tirelessly to achieve the objectives of the Company and its stakeholders, and I wish to thank them for their hard and dedicated work throughout 2011.

The Board and the management team has a clear strategy for delivering value to stakeholders and we believe that we can be optimistic about the extent and quality of the opportunities available to us.

Dermot O'Connell

Non-Executive Chairman

28 March 2012

Chief Executive's Report

Operational Review

2011 was a year of significant change for Kedco. Following a strategic review in March 2011, the Company refocused its business portfolio on core activities and delivered cost savings by exiting non-core and non-profitable business activities. We successfully executed this strategy throughout 2011 and the Company is now leaner and more efficient as a result. We will continue to pursue this strategy through 2012.

The Company continued to invest capital in developing customer and partner relationships in the UK and Ireland throughout the period.

Having commenced drawdown of funds from the banking facility for the Newry plant in January 2012, together with our joint venture partner Farmer Business Developments plc, we are now in a position to complete the initial phase of 2MW of power production from the plant. Phase 1 is on budget and on schedule to complete initial commissioning during Q2 2012.

In addition to our work on the Newry project, we are at an advanced stage in the selection process for an EPC contractor for our 12MW power generating plant in Enfield in London.

We completed a public consultation on a 9MW power generating facility located at Clay Cross in Derbyshire and together with our partner, the Larkfleet Group, we are in the process of preparing a consent application for this site.

Also with the Larkfleet Group we held a public exhibition for our proposed 1.3MW Anaerobic Digestion facility in Langham in Rutland in January 2012, and we will continue to move this process forward.

During the period the Company has advanced negotiations for a site in the UK, which includes feedstock supply, for a 4MW power generation development.

We are currently in discussions with a number of parties with regards to future sites for the development of renewable projects.

As part of the Company's strategic review, Kedco is seeking purchasers for its 80% interest in its Latvian wood processing facility as it was deemed non-core to the Company's focus on the conversion of biomass to renewable energy. Any disposal of the Latvian operation would most likely be subject to the approval Kedco shareholders.

Financial Review

During the period the Company transferred the initial portion of the generating plant to its joint venture company Newry Biomass Limited, realising €7.2 million in turnover. The wood processing business in Latvia performed as expected, generating €612,545 in EBITDA from turnover of €4.4 million. As expected, during the first six months of the financial year there was pressure on sales price and volume, however this is anticipated to ease in the second six months. As part of the terms of the July 2012 zero-coupon loan note, the Company's 80% interest in the plant acts as security for that note. The Company is seeking purchasers for its interest in the plant and any proceeds from a sale will most likely first be applied in discharging its obligations under the loan note agreement.

The Company's loss before tax is reduced by approximately €1 million on the same period for last year due to restructuring and overhead cost reductions. The Board believes that this programme will continue to deliver benefits into 2012 and beyond.

The Company reported operating profit of €390,424 and generated operating cash flows before working capital changes of €557,561 in the six month period. The Company drew down a further €2.2 million in borrowings whilst repaying €1.7 million of borrowings in the same period. At 31 December 2011 the Company had cash of €327,801.

During the period Kedco agreed a second €1.2 million convertible loan facility from Farmer Business Developments plc, the Company's largest shareholder, which was fully drawn down by January 2012.

The interim financial information is prepared on a going concern basis, as discussed in more detail in Note 2. The validity of the going concern concept is dependent upon additional finance being available for the Company's working capital requirements and a successful outcome to debt reduction and restructuring initiatives undertaken by the Group.

The level of debt owed by the Group increased in the period and certain borrowings were moved from long-term to short-term classifications, due to maturity dates falling within twelve months. The Board has established measures to reduce and restructure debt through the realisation of assets and discussions with the Group's debt holders. In addition, the Board continues to pursue all means of maintaining adequate cash reserves and continues to manage its working capital position tightly.

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.

Outlook

Kedco is a development company and our strategy remains to build, own and operate biomass power generating plants. The current pipeline of identified projects remains very strong and following the completion of the financing of the Newry project, the Company is now looking to secure additional funding during 2012 in order to continue to develop our pipeline of projects, and we are currently exploring a number of options in relation to how this funding will be secured.

As we move on in 2012, the Board has a clear focus and determination to create shareholder value through execution of our project pipeline. To date in 2012 all of these projects are progressing well.

Gerry Madden

Interim CEO and Finance Director

28 March 2012

Kedco plc
Condensed Consolidated Income Statement
for the six months ended 31 December 2011

	Notes	6 months ended 31 Dec 2011 €	6 months ended 31 Dec 2010 €
Revenue	5	11,760,042	5,410,046
Cost of sales		(10,699,085)	(4,099,367)
Gross profit		1,060,957	1,310,679
Operating expenses			
Administrative expenses		(672,633)	(1,764,250)
Other operating income		2,100	3,105
Operating profit/(loss)		390,424	(450,466)
Finance costs		(566,924)	(793,979)
Share of losses on joint ventures after tax	9	(190,437)	(201,029)
Finance income		241	13,086
Loss before taxation	5	(366,696)	(1,432,388)
Income tax expense	6	-	(13,353)
Loss for the period from continuing operations		(366,696)	(1,445,741)
(Loss)/Profit attributable to:			
Owners of the Company		(431,972)	(1,575,679)
Non-controlling interest		65,276	129,938
		(366,696)	(1,445,741)

		6 months ended 31 Dec 2011 € Euro per share	6 months ended 31 Dec 2010 € Euro per share
Basic loss per share:			
From continuing operations	7	(0.001)	(0.006)
Diluted loss per share:			
From continuing operations	7	(0.001)	(0.005)

Kedco plc
Condensed Consolidated Statement of Comprehensive Income
for the six months ended 31 December 2011

	6 months ended 31 Dec 2011 €	6 months ended 31 Dec 2010 €
Loss for the financial period	(366,696)	(1,445,741)
Other comprehensive income and expense		
Exchange differences arising on retranslation of foreign operations	(194,261)	7,962
Total comprehensive income and expense for the period	(560,957)	(1,437,779)
Attributable to:		
Owners of the company	(626,233)	(1,567,717)
Non-controlling interests	65,276	129,938
	(560,957)	(1,437,779)

Kedco plc
Condensed Consolidated Statement of Financial Position
As at 31 December 2011

	Notes	As at 31 Dec 2011 €	As at 30 June 2011 €
ASSETS			
Non-current assets			
Goodwill		549,451	549,451
Intangible assets		-	505
Property, plant and equipment		5,465,687	5,060,243
Financial assets	8	7,351,966	990,000
Total non-current assets		13,367,104	6,600,199
Current assets			
Inventories		1,478,447	1,613,026
Amounts due from customers under construction contracts	10	1,397,771	9,425,279
Trade and other receivables		2,132,664	2,848,088
Cash and cash equivalents		327,801	616,285
Total current assets		5,336,683	14,502,678
Total assets		**18,703,787**	**21,102,877**
EQUITY AND LIABILITIES			
Equity			
Share capital		3,543,999	3,543,999
Share premium		19,038,300	19,038,300
Shared based payment reserves		492,580	492,580
Retained earnings – deficit		(22,942,922)	(22,316,689)
Equity attributable to equity holders of the parent		131,957	758,190
Non-controlling interest		864,504	799,228
Total equity		996,461	1,557,418
Non-current liabilities			
Borrowings	11	4,564,350	7,958,393
Deferred income – government grants		36,892	36,915
Finance lease liabilities		239,982	373
Share of net liabilities of jointly controlled entities	9	211,260	18,867
Deferred tax liability		268,062	268,062
Total non-current liabilities		5,320,546	8,282,610
Current liabilities			
Amounts due to customers under construction contracts	10	1,800,841	1,272,735
Trade and other payables		1,283,441	5,481,674
Borrowings	11	9,247,392	4,494,676
Deferred income – government grants		4,316	9,444
Finance lease liabilities		50,790	4,320
Total current liabilities		12,386,780	11,262,849
Total equity and liabilities		**18,703,787**	**21,102,877**

Kedco plc
Condensed Consolidated Statement of Changes in Equity
for the six months ended 31 December 2010 and the six months ended 31 December 2011

	Share capital	Share premium	Retained earnings	Share-based payment reserve	Attributable to equity holders of the parent	Non-controlling interest	Total
	€	€	€	€	€	€	€
Balance at 1 July 2010	3,239,407	17,410,077	(17,639,511)	328,383	3,338,356	635,850	3,974,206
(Loss)/Profit for the financial period	-	-	(1,575,679)	-	(1,575,679)	129,938	(1,445,741)
Unrealised foreign exchange gain	-	-	7,962	-	7,962	-	7,962
Share based payments	-	-	-	82,099	82,099	-	82,099
Balance at 31 December 2010	3,239,407	17,410,077	(19,207,228)	410,482	1,852,738	765,788	2,618,526
Balance at 1 July 2011	3,543,999	19,038,300	(22,316,689)	492,580	758,190	799,228	1,557,418
(Loss)/Profit for the financial period	-	-	(431,972)	-	(431,972)	65,276	(366,696)
Unrealised foreign exchange loss	-	-	(194,261)	-	(194,261)	-	(194,261)
Balance at 31 December 2011	3,543,999	19,038,300	(22,942,922)	492,580	131,957	864,504	996,461

Kedco plc
Condensed Consolidated Statement of Cash Flows
for the six months ended 31 December 2011

	Notes	6 months ended 31 Dec 2011 €	6 months ended 31 Dec 2010 €
Cash flows from operating activities			
Loss before taxation		(366,696)	(1,432,388)
Adjustments for:			
Share based payments		-	82,099
Depreciation of property, plant and equipment		295,069	318,650
Amortisation of intangible assets		505	42,576
Profit on disposal of property, plant and equipment		(13,710)	(2,893)
Unrealised foreign exchange gain		70,788	28,223
Share of losses of jointly controlled entities after tax		190,437	201,029
Decrease in provision for impairment of trade receivables		(10,922)	(3,292)
Increase in impairment of inventories		(169,442)	(852)
Decrease in deferred income		(5,151)	(5,152)
Interest expense		566,924	793,979
Interest income		(241)	(13,086)
Operating cash flows before working capital changes		557,561	8,893
Decrease/(increase) in:			
Amounts due from customers under construction contracts		8,027,508	(161,841)
Trade and other receivables		726,346	(32,343)
Inventories		304,021	18,675
Increase/(decrease) in:			
Amounts due to customers under construction contracts		528,106	(16,409)
Trade and other payables		(4,248,933)	(396,720)
		5,894,609	(579,745)
Income taxes paid		-	(699)
Net cash from/(used in) operating activities		**5,894,609**	**(580,444)**
Cash flows from investing activities			
Additions to property, plant and equipment		(729,511)	(415,137)
Proceeds from sale of property, plant and equipment		382,708	2,893
Additions to investments in jointly controlled entities		(6,361,966)	(325,000)
Interest received		241	13,086
Net cash used in investing activities		**(6,708,528)**	**(724,158)**
Cash flows from financing activities			
Proceeds from borrowings		2,192,761	3,873,266
Repayments of borrowings		(1,653,260)	(1,863,126)
Payments of finance leases		(53,921)	(33,362)
Interest paid		(138,079)	(264,940)
Net cash from financing activities		**347,501**	**1,711,838**
Net (decrease)/increase in cash and cash equivalents		**(466,418)**	**407,236**
Cash and cash equivalents at the beginning of the financial period		208,587	(557,017)
Cash and cash equivalents at the end of the financial period		**(257,831)**	**(149,781)**

1. GENERAL INFORMATION

Kedco plc ("the Company") was incorporated in Ireland on 2 October 2008. The address of its registered office and principal place of business is Building 4600, Cork Airport Business Park, Kinsale Road, Cork.

The principal activity of the Group is to act as a project developer for power plants that convert Waste and Biomass to Clean Power using Anaerobic Digestion and Gasification.

2. 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 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.

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 six months to 31 December 2011. However, the loss before tax is down by approximately €1 million on the same period for last year due to restructuring and overhead cost reductions. This programme will continue to deliver benefits into 2012 and beyond.

Since 31 December 2011, the Company has raised net equity of approximately €0.4 million from existing shareholders.

Newry Biomass Limited, the joint venture, that was established to develop a biomass electricity and heat generating plant in Newry, Northern Ireland, signed a binding facilities agreement with Ulster Bank Group in November 2011. Pursuant to this agreement, Ulster Bank will advance up to £9.44 million to enable the completion of construction, installation and commissioning of the 4MW plant. To date, Kedco has invested approximately £6.1 million on construction of the plant. The facilities include a construction facility of £7.94 million, of which £4 million will be made available to complete an initial 2MW of generating capacity. The remaining £3.94 million will be made available upon the successful commissioning of the initial 2MW. The directors of Kedco estimate that the initial commissioning will complete in Q2 2012. This facility allows Kedco to realise the value of Construction Work in Progress in its subsidiary company, Kedco Fabrication Limited and enables Kedco Fabrication Limited to complete the commissioning of the plant for Newry Biomass Limited.

As explained in the Chief Executive's Report the Company is seeking purchasers for its 80% share of its wood processing facility in Latvia. The proceeds of such a sale, if it were to occur, would be first used to repay the existing zero coupon loan notes. The disposal would also have the effect of removing the Latvian company debt from the Group's balance sheet. Based on negotiations conducted to date the directors have a reasonable expectation that it will proceed successfully but there can be no certainty that a sale will proceed. The Company has also commenced discussions with all lenders to the Company in relation to the restructuring of existing debt. Until such time as the Company generates sufficient cash flow from its projects, the Directors will continue to institute measures to preserve cash and will continue to seek additional finance.

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 concept is dependent upon additional finance being available for the Company's working capital requirements and a successful outcome to debt reduction and restructuring initiatives undertaken by the Group. Additional finance would be used for working capital and also for the continued investment in the Company's strategy of identifying, developing, building and operating power generating plants so that the Company 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 Group would be in a position, if it so chose, to monetise the value of the project.

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 interim financial statements. The interim financial statements do not include any adjustments that would result should the above conditions not be met.

The interim financial information for both the six months ended 31 December 2011 and the comparative six months ended 31 December 2010 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 30 June 2011 represents an abbreviated version of the Group's financial statements for that year. Those financial statements contained an unqualified audit report and have been filed with the Registrar of Companies. 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 Company 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 Kedco plc for the year ended 30 June 2011.

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 supply of technologies including anaerobic digestion and gasification;

Wood Products: Being the production of sawn timber, sale of wood and the supply of wood chips; and

Renewable Energy Solutions: Being the supply of combined heat and power units, domestic boilers, solar panels and other related products.

The chief operating decision maker is the Chief Executive.

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:

	Segment Revenue		Segment Profit/(Loss)	
	6 Months ended 31 Dec 2011	**6 Months ended 31 Dec 2010**	**6 Months ended 31 Dec 2011**	**6 Months ended 31 Dec 2010**
	€	€	€	€
Power Generation	7,334,934	44,831	319,246	(511,348)
Wood Products	4,379,500	4,878,696	371,353	691,592
Renewable Energy Solutions	45,608	486,519	4,400	(117,759)
Total from continuing operations	11,760,042	5,410,046	694,999	62,485
Central administration costs and directors' salaries			(306,675)	(516,056)
Other operating income			2,100	3,105
Share of losses on joint ventures			(190,437)	(201,029)
Interest costs			(566,924)	(793,979)
Interest income			241	13,086
Loss before taxation (continuing operations)			(366,696)	(1,432,388)

Revenue reported above represents revenue generated from external customers. Inter-segment sales for the six months ended 31 December 2011 amounted to € Nil (2010: €4,200). Included in revenues arising from sales in the Power Generation segment is €7,226,485 arising from the sale to a jointly controlled entity, Newry Biomass Limited. No other single customer contributed 10% or more of the Group's Revenue in 2011 or 2010

Revenues from external customers for each product and service have not been disclosed, as the necessary information is not available, and the cost to develop it would be excessive.

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 2011	**6 months ended 31 Dec 2010**	**6 months ended 31 Dec 2011**	**6 months ended 31 Dec 2010**
	€	€	€	€
Power Generation	7,165	54,520	5,858	180
Wood Products	280,597	276,933	1,063,653	414,957
Renewable energy solutions	7,812	29,773	-	-
	295,574	361,226	1,069,511	415,137

The Group operates in three principal geographical areas: Republic of Ireland (country of domicile), Latvia and the Rest of Europe. 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 External Customers		**Non-current assets***	
	6 Months to 31 Dec 2011	**6 Months to 31 Dec 2010**	**As at 31 Dec 2011**	**As at 30 Jun 2011**
	€	€	€	€
Republic of Ireland	45,608	521,465	772,330	781,449
Latvia	4,379,500	4,878,696	5,242,808	4,828,750
Rest of Europe	7,334,934	9,885	-	-
	11,760,042	5,410,046	6,015,138	5,610,199

* 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 2011	6 months ended 31 Dec 2010
	€	€
Income tax expense comprises:		
Current tax	-	-
Deferred tax	-	13,353
Income tax expense recognised in profit or loss	-	13,353

An income tax charge does not arise for the six months ended 31 December 2011 or 31 December 2010 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. LOSS PER SHARE

	6 months ended 31 Dec 2011 € Euro per share	6 months ended 31 Dec 2010 € Euro per share
Basic loss per share		
From continuing operations	(0.001)	(0.006)
Diluted loss per share		
From continuing operations	(0.001)	(0.005)

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:

	6 months ended 31 Dec 2011 €	6 months ended 31 Dec 2010 €
Loss for year attributable to equity holders of the parent	(366,696	(1,445,741
Weighted average number of ordinary shares for the purposes of basic loss per share	255,281,91(	224,822,65

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:

	6 months ended 31 Dec 2011	6 months ended 31 Dec 2010
Weighted average number of ordinary shares used in the calculation of basic loss per share	255,281,916	224,822,657
Shares deemed to be issued in respect of long term incentive plan	49,256,332	49,256,332
Shares deemed to be issued for no consideration with respect to warrants issued on foot of zero-coupon loan notes	9,398,670	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	313,936,918	274,078,989

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 31 December 2011 would be to increase the weighted average number of shares by 11,250,000 (31 December 2010: 21,011,519).

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 31 December 2011 would be to increase the weighted average number of shares by 3,125,000 (31 December 2010: 3,125,000).

Convertible loans which could potentially dilute basic earnings per share have not been included in the calculation of diluted earnings per share as they are anti-dilutive for the periods presented. The dilutive effect as a result of loans in issue as at 31 December 2011 would be to increase the weighted average of shares by 21,000,000 (31 December 2010: 5,000,000).

As noted in note 14 below, 39,801,260 ordinary shares were issued after the period end. If these shares were in issue prior to 31 December 2011, they would have affected the calculation of the weighted average number of shares in issue for the purposes of calculating both the basic earnings per share and diluted earnings per share by 6,633,543 (assuming the shares were issued in December 2011).

8. FINANCIAL ASSETS

	31 Dec 2011 €	30 June 2011 €
Loans advanced to Jointly Controlled Entities		
Balance at start of period	990,000	990,000
Advanced during the period	6,361,966	-
Balance at end of period	7,351,666	990,000

During the period ended 31 December 2011, Kedco Investment Co. 1 Limited invested in 5,330,691 Variable Rate Loan Notes of £1 each issued by Newry Biomass Limited, a jointly controlled entity established to develop a biomass electricity and heat generating plant in Newry, Northern Ireland. Under the terms of the Loan Notes, the loan note holders are entitled to a share of the profits of Newry Biomass Limited in proportion to the nominal amount of the notes held by each loan note holder. The loan notes will become repayable on 1 November, 2026; however, Newry Biomass Limited is entitled to make an early redemption of some or all of the issued Loan Notes before this date.

9. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

Details of the Group's interests in jointly controlled entities at 31 December 2011 are as follows:

Name of jointly controlled entity	*Country of incorporation*	*Shareholding*	*Principal activity*
Newry Biomass Limited (formerly Best Kedco Limited)	Northern Ireland	50%*	Energy utility company
Kedco Howard Limited	United Kingdom	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 entitled to Kedco is 92%.

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

	31 Dec 2011 €	30 Jun 2011 €
Non-current assets	7,543,889	1,208
Current assets	3,466,323	2,329,495
Non-current liabilities	(8,733,877)	-
Current liabilities	(2,532,047)	(2,368,438)
Net liabilities	(255,712)	(37,735)
Group's share of net liabilities of jointly controlled entities	(211,260)	(18,867)

	6 months ended 31 Dec 2011 €	6 months ended 31 Dec 2010 €
Total revenue	-	104,300
Total expenses	(214,064)	(506,357)
Total loss for the period	(214,064)	(402,057)
Group's share of losses of jointly controlled entities	(190,437)	(201,029)

Of the above group's share of losses in jointly controlled entities of €190,437, €77,304 relates to adjustments arising on the change in the profit-sharing ratio in Newry Biomass Limited as outlined above.

10. CONSTRUCTION CONTRACTS

Contracts in progress at the balance sheet date:

	31 Dec 2011 €	30 June 2011 €
Construction costs incurred plus recognised		
profits less recognised losses to date	8,624,256	9,425,279
less payment received in advance	(9,027,326)	(1,272,735)
	(403,070)	8,152,544

Recognised and included in the financial statements as amounts due:

	31 Dec 2011 €	30 June 2011 €
From customers under construction contracts	1,397,771	9,425,279
To customers under construction contracts	(1,800,841)	(1,272,735)
	(403,070)	8,152,544

Construction costs incurred relate to advance payments to equipment and other suppliers for electricity generating projects the Group is currently engaged in.

At 31 December 2011, retentions held by customers for contract work amounted to €Nil (30 June 2011: €Nil). Advances received from customers for contract work amounted to €9,027,326 (30 June 2011: €1,272,735).

Of the total construction costs incurred of €8,624,256 (30 June 2011: €9,425,279), €8,123,613 (30 June 2011: €8,644,764) relates to the construction of a 4MW gasification plant in Newry, Northern Ireland. The principal customer for this contract is Newry Biomass Limited (formerly Best Kedco Limited), a jointly controlled entity of the Group. In 2011, Newry Biomass Limited secured financing of £9.44m to enable the construction, installation and commissioning of the 4MW plant. Of this funding, £2,116,696 was drawn down by 31 December 2011. During the period, the Group realised £6,055,072 or €7,226,485 from Newry Biomass Limited by way of a progress payment. The directors of the Group are satisfied, from this review, that the Group's exposure to credit risk with respect to the above projects is manageable.

11. BORROWINGS

Details of borrowings	31 Dec 2011	30 June 2011
	€	€
Zero Coupon Loan Notes	3,983,032	-
Secured Bank Loans – Latvia	144,571	302,468
Secured Bank Overdrafts – Latvia	435,623	257,772
10% Convertible Loans	2,338,521	1,252,986
Shareholder Loans	1,620,779	1,875,823
Third Party Loans	532,486	572,095
Secured Bank Loans - Ireland	42,370	83,605
Secured Bank Overdrafts - Ireland	150,010	149,927
Borrowings falling due within one year	9,247,392	4,494,676

	31 Dec 2011	30 June 2011
	€	€
Secured Bank Loans - Latvia	959,429	941,869
Secured Bank Loans - Ireland	3,104,921	3,080,944
Zero Coupon Loan Notes	-	3,435,580
8% Cumulative Redeemable Convertible Preference Shares	500,000	500,000
Borrowings falling due after more than one year	4,564,350	7,958,393
Total Borrowings	13,811,742	12,453,069

The 3,588,583 zero-coupon secured loan notes issued by the Group in 2010 were re-classified from non-current liabilities to current liabilities in the six months ended 31 December 2011. At 31 December 2011, the outstanding amounts owed to loan note holders came to €3,983,032 (30 June 2011: €3,435,580).

The Latvian bank loans and overdrafts are secured by a fixed charge on the assets of SIA Vudlande.

The Group secured facilities consisting of 10% Convertible Loan Notes to assist its short-term working capital requirements from its 22.14% shareholder, Farmer Business Developments plc. As at 31 December 2011, the company, had drawn down €2,200,000 (31 December 2010: €400,000) of these facilities. The interest rate on the facilities is 10% per annum on outstanding capital balances. At 31 December 2011, the outstanding principal and interest came to €2,338,521 (30 June 2011: €1,252,986).

Shareholder loans were advanced by individuals who are also shareholders in the Company. Third party loans were advanced to the Company by unrelated parties.

The Irish bank loans and overdrafts are secured by fixed and floating charges on certain assets of group companies located in the Republic of Ireland and by certain personal guarantees given by certain directors of the company.

The Convertible Preference Shares are held by Enterprise Ireland, an Irish Government Agency.

12. EVENTS SINCE THE BALANCE SHEET DATE

On 3 February 2012, Kedco plc issued 31,000,001 Ordinary shares of €0.01 each from a placing with a variety of investors at an issue price of 1.3 pence per share, realising GBP 403,000 (gross). The proceeds from this placing will be used for working capital purposes. The company has also allotted 8,801,259 Ordinary Shares of €0.01 each at a cost of 1.775 pence per share (being the average of the mid-market price for the 10 business days immediately preceding the date of the notice of conversion), to its 22.14% shareholder Farmer Business Developments plc ("FBD") as a result of FBD exercising its right of conversion under its February 2011 Euro 1,200,000 10% Convertible Loan Note. Following the Placing and after the exercise of the conversion right, FBD's holding remained at 22.14% of the ordinary shares of the Company.

The Company also drew down the final €200,000 of the €1.2m facility from its 22.14% shareholder, Farmer Business Developments plc after the year end.

13. RELATED PARTY TRANSACTIONS

During the period ended 31 December 2011, Kedco Investment Co. 1 Limited invested in 5,831,693 Variable Rate Loan Notes of £1 each issued by Newry Biomass Limited, a jointly controlled entity established to develop a biomass electricity and heat generating plant in Newry, Northern Ireland.

During the period, the Group realised €7,226,485 from its jointly controlled entity, Newry Biomass Limited (formerly Best Kedco Limited) on the first stage of the sale on the construction of a 4MW gasification plant in Newry, Northern Ireland.

During the period, the Group realised €100,000 from its jointly controlled entity, Kedco Howard Limited on the provision of technical services.

The Group secured a facility to assist its short-term working capital requirements from its 22.14% shareholder, Farmer Business Developments plc. As at 31 December 2011, the company had drawn down €2,200,000 of this facility. The interest rate on this facility is 10% per annum on outstanding capital balances.

14. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated financial statements for the six months ended 31 December 2011, which comply with IAS 34, were approved by the Board of Directors on 27 March 2012.

- Ends -