KEDCO plc

The Bio-Science Energy Company

ADMISSION TO AIM

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000 ("FSMA"), who specialises in advising on the acquisition of shares and other securities.

This document comprises an admission document which has been drawn up in accordance with the AIM Rules. Shares must not and will not be offered to the public in the United Kingdom (within the meaning of section 102B FSMA) save in the circumstances where it is lawful to do so without an approved prospectus (within the meaning of section 85 FSMA) being made available to the public before the offer is made. Accordingly this document does not constitute a prospectus as defined in the AIM Rules.

This document includes particulars given in compliance with the AIM Rules for the purpose of giving information with regard to Kedco plc (the "Company"). The Directors of the Company, whose names and functions appear on page 3 of this document, collectively and individually accept full responsibility for the information contained in this document, including collective and individual responsibility for compliance with the AIM Rules and confirm, having made all reasonable enquiries and taken all reasonable care to ensure that such is the case, that to the best of their knowledge and belief the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information and that there are no other facts the omission of which would make any statement in this document misleading.

Application will be made to the London Stock Exchange for the whole of the issued and to be issued ordinary share capital of Kedco plc to be admitted to trading on AIM. No application has been or is being made for the Ordinary Shares to be admitted to any other investment exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two of the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The whole of the text of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider Part II of this document, which sets out certain risk factors relating to an investment in Ordinary Shares. All statements regarding the Group's business, financial position and prospects should be viewed in light of the risk factors set out in Part II of this document.

Kedco plc

(Incorporated in Ireland under the Companies Acts 1963 to 2006 with registered number 462861)

Admission to trading on AIM

Nominated Adviser

Deloitte Corporate Finance

Broker

Lewis Charles Securities

ORDINARY SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Authorised			*Issued and fully paid*	
Number	*Amount*		*Number*	*Amount*
10,000,000,000	€100,000,000	Ordinary Shares of €0.01 each	199,446,480	€1,994,464.80

Deloitte Corporate Finance is acting as Nominated Adviser to Kedco plc and no one else in connection with the Admission and will not regard any other person as its client or be responsible to anyone other than Kedco plc for providing the protections afforded to clients of Deloitte Corporate Finance or for providing advice in relation to the Admission or any matter referred to herein. Deloitte Corporate Finance's responsibilities as the Company's Nominated Adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this document. Deloitte Corporate Finance is a division of Deloitte & Touche LLP, which is authorised and regulated by the Financial Services Authority in respect of regulated activities.

Lewis Charles Securities, which is a member of London Stock Exchange plc and is regulated by the Financial Services Authority, has agreed to act as broker to Kedco plc. Persons receiving this document should note that Lewis Charles Securities is acting exclusively for Kedco plc and no one else in connection with the Admission and will not regard any other person as its client or be responsible to anyone other than Kedco plc for providing the protections afforded to clients of Lewis Charles Securities or for providing advice in relation to the Admission or any matter referred to herein.

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The distribution of this document outside of Ireland or the United Kingdom may be restricted by law and therefore persons outside of Ireland or the United Kingdom into whose possession this document comes should inform themselves about and observe any such restrictions as to the Ordinary Shares or the distribution of this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Ordinary Shares have not been, nor will be, registered in the United States under the United States Securities Act of 1933 (as amended) or under the securities legislation of any state of the United States or under the securities legislation of any province or territory of Canada or of Australia, the Republic of South Africa, or Japan and they may not be offered or sold directly or indirectly within the United States or to a resident of Canada, Australia, the Republic of South Africa, or Japan or to, or for the amount or benefit of, any persons within the United States. This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

CONTENTS

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	William Paul Kingston, Non-executive Chairman Donal James Buckley, Chief Executive Officer Michael Gerard Madden, Finance Director Edward Barrett, Non-executive Director Diarmuid Sean Lynch, Non-executive Director Donal O'Sullivan, Non-executive Director Alf Smiddy, Non-executive Director
Registered Office	Unit 6 Portgate Business Park Monkstown Co. Cork Ireland
Company Secretary	Diarmuid Lynch
Nominated Adviser	Deloitte & Touche LLP Stonecutter Court 1 Stonecutter Street London EC4A 4TR United Kingdom
Auditor	Deloitte & Touche City Chambers 6 Lapp's Quay Cork Ireland
Solicitors	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland
Broker	Lewis Charles Securities Limited LCS House 44 Worship Street London EC2A 2EA United Kingdom
Registrar	Capita Corporate Registrars Plc Unit 5 Manor Street Business Park Manor Street Dublin 7 Ireland
ISIN	IE00B3DKXJ73
EPIC	KED.L

DEFINITIONS

"1983 Act"	the Companies (Amendment) Act 1983 of Ireland
"1990 Act"	the Companies Act 1990 of Ireland
"A Shares"	Deferred Convertible A Ordinary Shares of €0.01 each in the capital of the Company which convert into Ordinary Shares in certain circumstances
"Act"	the Companies Act 1963 (as amended) of Ireland
"Admission"	the admission of the issued Ordinary Shares of Kedco plc to trading on AIM becoming effective in accordance with the AIM Rules
"Admission Document"	this document
"Admission Price"	17.5 cents per Ordinary Share
"AIM"	the AIM market of the London Stock Exchange
"AIM Rules"	the rules for AIM companies and their nominated advisers issued by the London Stock Exchange governing the admission to and the operation of AIM
"Articles" or "Articles of Association"	the articles of association of the Company, a summary of which is set out in paragraph 5 of Part IV of this document
"Board"	the board of Directors
"Capita" or "Registrars"	Capita Corporate Registrars Plc
"Castle Home Supplies"	Castle Home Supplies Limited
"Companies Acts"	the Companies Acts 1963-2006 of Ireland
the "Company"	Kedco plc, a company incorporated in Ireland with registered number 462861
"CREST"	the computer based settlement system and procedures which enable title to securities to be evidenced and transferred without a written instrument and which is operated by Euroclear
"CREST Regulations"	the Companies Act, 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68/1996) of Ireland (as amended)
"Deloitte Corporate Finance"	Deloitte Corporate Finance, a division of Deloitte & Touche LLP of Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR, acting as nominated adviser to the Company
"Directors"	the directors of the Company, whose names are set out on page 3 of this document
"EirGrid"	EirGrid plc, an organisation owned by the Irish state that delivers services to generators, suppliers and customers across the high voltage electricity system
"EPA"	Environmental Protection Agency, an Irish statutory body responsible for protection and management of the environment
"EU"	the European Union
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales and the operator of CREST
"Germany"	The Federal Republic of Germany
"Granig Trading"	Granig Trading Limited
"Group" or "Kedco Group" or "Kedco"	the Company and its subsidiary undertakings
"Ireland"	Ireland excluding, for the avoidance of doubt, Northern Ireland
"Irish Takeover Panel" or "Panel"	the Irish Takeover Panel, established under the Irish Takeover Panel Act 1997

"Irish Takeover Rules"	the Irish Takeover Panel Act 1997, the Irish Takeover Rules 2001 to 2006 as amended by the Irish Takeover Panel Act 1997, Takeover (Certain Relevant Companies) Rules 2006 or any of them as the context may require
"Kedco Energy"	a division of the Kedco Group
"Kedco Power"	a division of the Kedco Group
"KEL"	Kedco Energy Limited
"Lewis Charles"	Lewis Charles Securities Limited of CCS House, 44 Worship Street, London EC2A 2EA
"Lock-in Agreements"	the agreements entered into between Deloitte & Touche LLP, Lewis Charles Securities Limited, the Company and certain shareholders of the Company pursuant to which those shareholders have, *inter alia*, covenanted not to dispose of their interest in Ordinary Shares for a period of one year from Admission, details of which are set out in Part I and paragraph 6 of Part IV of this document
"London Stock Exchange"	London Stock Exchange plc
"Long-Term Incentive Plan" or "LTIP"	the long-term employee incentive plan adopted by the Company on 9 October 2008 and pursuant to which certain key employees of the Company subscribed for A Shares, further details of which are included at paragraph 9 of Part IV of this document
"Ofgem"	the regulator of the electricity and gas markets in the UK
"Ordinary Shareholders"	holders of Ordinary Shares
"Ordinary Shares"	ordinary shares of €0.01 each in the capital of the Company
"Registrars"	Capita Corporate Registrars Plc, the Company's registrars, who have their registered office at Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland
"SEI"	Sustainable Energy Ireland, Ireland's national energy agency established to promote and assist the development of sustainable energy
"Shareholders"	holders of shares (of any class) in the capital of the Company
"Sterling"	British pounds sterling
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority" or "UKLA"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
"US" or "USA"	the United States of America
"Vudlande"	Vudlande SIA

GLOSSARY OF TERMS

Anaerobic digestion	a process whereby methane gas is produced from fermenting biomass material
Biomass	refers to organic material that can be used as a fuel for electricity generation
BMW	Biodegradeable municipal waste
CHP	CHP or combined heat and power is the use of an engine or power station to simultaneously generate both electricity and heat
Carbonaceous	a substance containing carbon
Carbon credits	a tradable permit which gives the holder the right to emit a certain amount of greenhouse gases, usually measured in tonnes of carbon dioxide equivalent ("CO_2e"). For example, used within the EU Emission Trading Scheme where certain industrial facilities receive an allocation of carbon credits against their emissions. Installations can then buy/sell deficit/excess credits to meet their allocation
Feedstock	the biomass material from which either methane or synthetic gas is extracted in order to generate electricity
Fischer Tropsch	a catalyzed chemical reaction in which syngas is converted into liquid hydrocarbons
FSC	Forest Stewardship Council, an independent, non-governmental, not-for-profit organisation established to promote responsible management of the world's forests
Gasification	a process whereby a synthetic gas is produced by reacting biomass at high temperatures with a controlled amount of oxygen
LATS	Landfill Allowance Trading Scheme, a UK scheme established to meet EU targets for the diversion of biodegradeable municipal waste from landfill
Kyoto Protocol	a protocol to the International Framework on Climate Change with the objective of reducing greenhouse gases
LFT	Landfill Tax, a UK tax payable in respect of waste put into landfill
MW	megawatt, a unit of power equal to one million watts or 1,000 kilowatts
MWh	a unit of energy equivalent to the energy of one million watts operating for one hour
PJV	project joint venture, a corporate entity or partnership established by Kedco Power and a selected partner to generate electricity using anaerobic digestion or gasification technologies
PPA	power purchase agreement, an agreement between a PJV and an electricity purchaser detailing the terms on which the PJV will sell the electricity generated
REFIT	the Renewable Energy Feed In Tariff, an Irish Government support mechanism for renewable energy projects
ROC	a Renewable Obligation Certificate, which is granted by Ofgem to energy generators for each MWh, under the current scheme, of qualifying renewable energy. ROCs are tradable and are required by electricity suppliers to demonstrate to Ofgem that their individual obligations for supply of renewable energy, as a percentage of all electricity supplied, have been met
RO	Renewable Obligation, a scheme designed to incentivise the generation of renewable energy through setting mandatory obligations on UK electricity suppliers to supply a percentage of energy as renewable energy

Syngas	a gas mixture containing carbon monoxide and hydrogen generated by the gasification of a carbonaceous fuel at high temperatures
Syndiesel	a synthetic diesel produced from syngas via the Fischer Tropsch reaction
WDA	Waste Disposal Authority, a body established pursuant to the Environmental Protection Act 1990 to facilitate the disposal of municipal waste. There are a number of different WDAs in the UK based on geographic location

KEY INFORMATION

This information should be read in conjunction with the full text of this document. You should read the whole of this document and not just rely on the key information set out below. **In particular your attention is drawn to the risk factors set out in Part II**.

- The Kedco Group was established in 2005 as an energy group focusing on green energy production. The Company currently comprises two divisions, Kedco Power and Kedco Energy. Kedco Power constitutes the main focus of the Company going forward and specialises in electrical power generation from sustainable fuel sources. Kedco Energy contains a number of ancillary businesses serving industrial and residential customers, principally with a renewable energy focus.
- Kedco acts as a platform provider, sourcing technologies (including gasification and anaerobic digestion power plants) for sale to a customer base comprising medium sized waste operators, local municipal authorities, food companies and agricultural operators. Kedco intends to establish partnerships with these customers to own and operate electrical generation plants, with the aim of benefiting from the long term recurring revenue streams generated by the sale of the electricity.
- Kedco's customers face increasing legislative and regulatory cost pressures driven by environmental considerations. The Directors believe that Kedco's proposition offers customers the opportunity to create a revenue-generating opportunity from waste materials that might otherwise incur a significant disposal cost.
- Kedco is not dependent upon any specific technology or supplier and is able to adapt its proposals to the specific needs of the customer. The Directors believe that the Group has acquired extensive knowledge of the technological processes required to convert wood waste and food waste into energy through either gasification or anaerobic digestion technology. Kedco intends to co-invest with its customers in the commercial exploitation of these technologies.
- The Directors believe that the proposed projects have the potential to generate revenue streams for the Group in a number of ways including:
  - sale of the power-generating plant and associated equipment on which Kedco Power earns a margin;
  - sale of the electricity to electricity purchasers via power purchase agreements ("PPAs");
  - in the UK, sale of renewable obligation certificates or ROCs arising from the production of green energy;
  - gate fees in respect of certain types of municipal food waste which are paid by the waste operator; and
  - sale of by-products arising from the power conversion process (such as charcoal, compost and fertiliser).
- Kedco has established strong links with renewable energy technology suppliers in the USA and Germany. The Board believes it should not be dependent on any single technology supplier and hence Kedco will only enter into exclusivity arrangements when the Board believes a strong commercial justification exists. In this way, the Board believes it minimises the risks in relation to security of supply and technology redundancy. The technologies with which the Group intends to implement its business strategy are based on either gasification or anaerobic digestion processes.
- Kedco has identified more than 25 specific opportunities for Kedco Power within the UK and Ireland of which seven have signed, non-binding letters of intent with potential partners. In addition, Kedco is considering a number of other potential leads for its business. The possible projects range in size from 1MW to 16MW and represent a mixture of gasification and anerobic digestion technologies. Whether the identified projects become operational will depend upon a number of factors including entering into agreements with joint venture partners, securing commercially acceptable investment and financing terms and receiving the appropriate planning consents. Nevertheless, the Directors believe that, based on discussions held with potential joint venture partners, funders and the relevant planning authorities to date, Kedco Power is well placed to benefit from the current interest in the renewable energy sector.

- It is intended that each project will be held in a discrete project joint venture ("PJV"). It is proposed that each PJV will own the relevant power-generating assets and be financed via a mixture of equity and debt. Kedco intends to co-invest in the equity required for each project with the selected partner. In certain circumstances where the Directors feel it is merited, the selected technology provider may also invest in the equity of the PJV.
- Kedco and its PJV partners are currently engaged in the planning process in relation to three projects amounting to approximately 6MW of electrical power in aggregate.
- Potential competitors to Kedco include technology providers, existing waste operators and platform providers similar to Kedco. However, the Directors believe that Kedco has an early-mover advantage and a favourable model of partnering with small to mid-scale waste operators, who do not necessarily have the resources or expertise to source the technology directly.
- The Directors believe that the current regulatory regimes in Ireland and the United Kingdom support the Kedco business model in that they seek to limit the amount of waste sent to landfill sites whilst encouraging the adoption of renewable energy processes via the provision of various incentive schemes.
- The Directors believe that there is a significant early-mover advantage to be gained in the marketplace and therefore intend to accelerate the development of opportunities wherever possible.
- The Directors envisage that the Company will seek to raise further funds in early 2009 to allow the commencement of construction of various plants. The level of funds raised will directly impact the number of projects that Kedco Power can execute and hence the speed with which Kedco can expand its business.
- In addition to its power generation business, Kedco (through Kedco Energy) is involved in a number of green energy businesses including the supply of biomass boilers to domestic and commercial markets and the production of Forest Stewardship Council approved wood and biomass products.

Share capital statistics

Admission Price	17.5 cents
Number of Ordinary Shares in issue immediately following Admission	199,446,480
Market capitalisation of the Company at the Admission Price	€34.9 million

Expected timetable of principal events

Admission and dealings in the Ordinary Shares to commence on AIM	8.00 a.m. on 20 October 2008
CREST stock accounts credited	20 October 2008
Definitive share certificates despatched (as applicable)	30 October 2008

PART I

INFORMATION ON THE COMPANY

Introduction

The Kedco Group was established in 2005 as an energy group focusing on green energy production. The Company currently comprises two divisions, Kedco Power and Kedco Energy.

Kedco Power constitutes the main focus of the Company going forward and specialises in electrical power generation from sustainable fuel sources. Kedco Energy contains a number of ancillary businesses serving industrial and residential customers, principally with a renewable energy focus.

Kedco Power

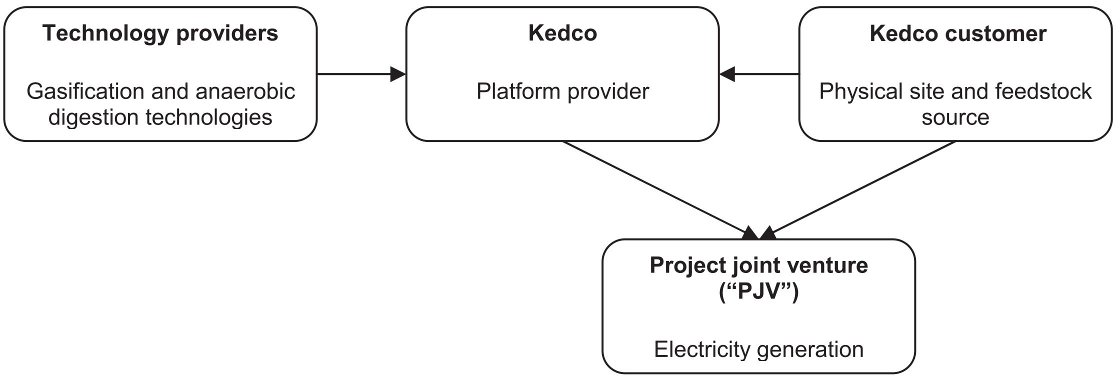
Overview

Kedco acts as a platform provider, sourcing technologies (including gasification and anaerobic digestion power plants) for sale to a customer base comprising medium sized waste operators, local municipal authorities, food companies and agricultural operators. Kedco intends to establish partnerships with these customers to own and operate electrical generation plants, with the aim of benefiting from the long term recurring revenue streams generated by the sale of the electricity.

Kedco's customers face increasing legislative and regulatory cost pressures driven by environmental considerations. The Directors believe that Kedco's proposition offers customers the opportunity to create a revenue-generating opportunity from waste materials that might otherwise incur a significant disposal cost.

Kedco is not dependent upon any specific technology or supplier and is able to adapt its proposals to the specific needs of the customer. The Directors believe that the Group has acquired extensive knowledge of the technological processes required to convert wood waste and food waste into energy through either gasification or anaerobic digestion technology. Kedco intends to co-invest with its customers in the commercial exploitation of these technologies.

Figure 1: The Kedco business model



The Directors believe that the proposed projects have the potential to generate revenue streams for the Group in a number of ways:

- sale of the power-generating plant and associated equipment into the PJV on which Kedco Power earns a margin;
- sale of the electricity by the PJV to electricity purchasers via power purchase agreements ("PPAs");
- in the UK, sale by the PJV of renewable obligation certificates ("ROCs") arising from the production of green energy;
- gate fees in respect of certain types of municipal food waste which are paid by the waste operator to the PJV; and
- sale by the PJV of by-products arising from the power conversion process (such as charcoal, compost and fertiliser).

Technology

Kedco has established strong links with renewable energy technology suppliers in the USA and Germany. The Board believes it should not be dependent on any single technology supplier and hence Kedco will only enter into exclusivity arrangements when the Board believes a strong commercial justification exists. In this way, the Board believes it minimises the risks in relation to security of supply and technology redundancy.

The technologies with which Kedco intends to implement its business strategy are based on either gasification or anaerobic digestion processes.

Gasification

The process of gasification converts carbonaceous materials into carbon monoxide and hydrogen by reacting raw materials at high temperatures with a regulated amount of oxygen. The resulting mixture is called synthesis gas or syngas. Syngas can be used to generate electricity and heat or transformed into a diesel-like synthetic fuel via the Fischer Tropsch process (explained in more detail below).

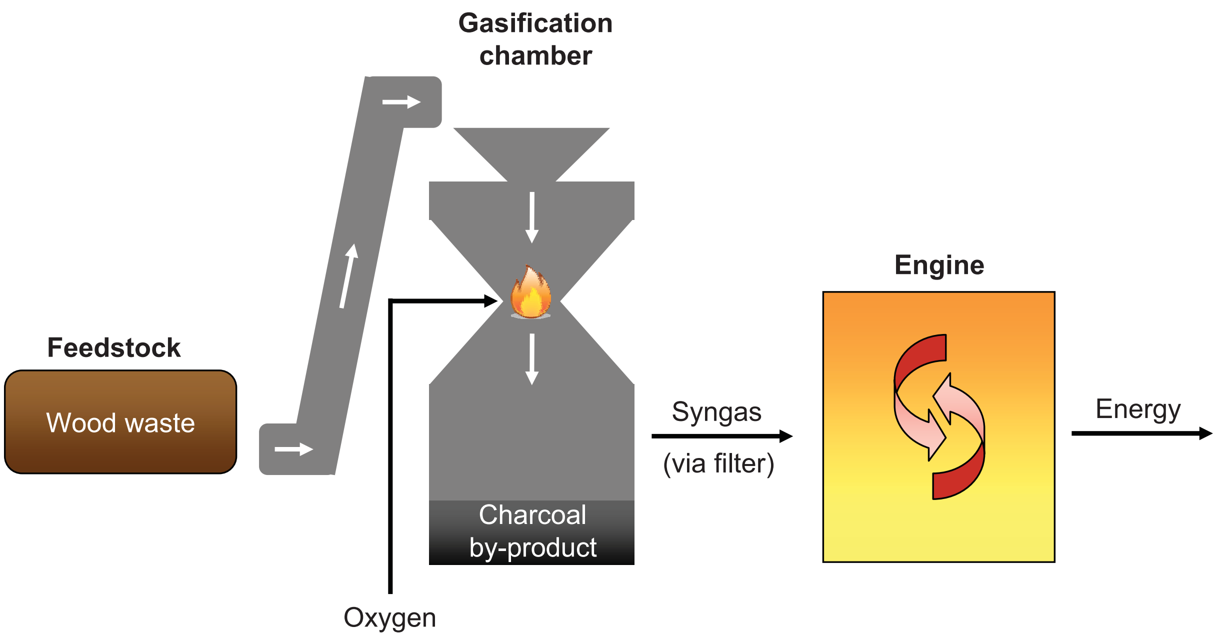
Power generation via gasification is eligible for ROCs.

The gasification process utilises chemical reactions that occur at high temperatures (above 700°C) which distinguishes it from biological processes such as anaerobic digestion.

Gasification of fossil fuels is a widely used technique. Any type of organic material can be used for gasification including wood and biomass, however the Directors intend to install gasification plants initially that only use wood products as an input due to its characteristics as a uniform feedstock.

In order to generate electricity, the wood feedstock is fed into a chamber and gasified with oxygen at a high temperature. This process creates syngas as well as a charcoal by-product. The syngas is then pumped through a filtration system into an engine that produces electricity.

Figure 2: The gasification process



Kedco is currently in discussions with a number of suppliers of gasification plants in the USA. The plants comprise, *inter alia*, a gasification chamber, synthetic gas filter and combined heat and power or CHP plants. Kedco is also currently in negotiations to install a small-scale (75 kilowatt) gasification plant in Dublin, Ireland. So far as the Directors are aware, this will be one of the first gasification plants to operate in the UK and Ireland.

The Directors estimate that a gasification plant handling 18,000 tonnes of feedstock will produce approximately 4MW of electricity. In the medium-term, the Directors intend to target plants producing between 2MW and 16MW.

An alternative use for syngas is to convert it to a synthetic diesel through a process known as the Fischer Tropsch reaction. This is a catalyzed chemical reaction in which syngas is converted into liquid hydrocarbons. The synthetic diesel can be used to run vehicles and some aircraft engines. In certain circumstances the Directors believe that there may be greater economic value in the PJVs producing synthetic diesel than syngas from their gasification plants.

Anaerobic digestion

Anaerobic digestion is a series of processes in which micro-organisms break down biodegradable material in the absence of oxygen. This process utilises renewable resources as a feedstock to produce a methane and carbon dioxide rich biogas suitable for energy production. The nutrient-rich solids left after digestion can be used as fertiliser and compost.

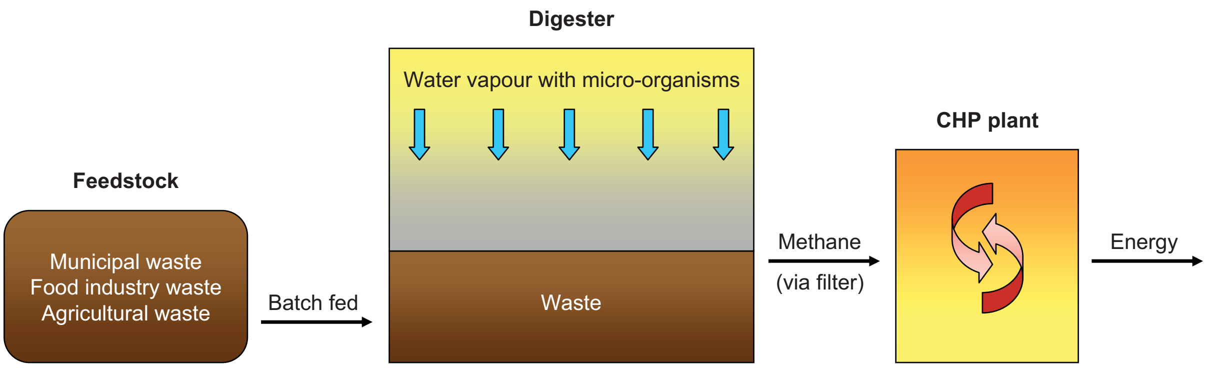
Emission of greenhouse gases are reduced by the anaerobic digestion process in a number of ways including replacement of fossil fuels, reduction of landfill methane emissions, displacing chemical fertilisers and reducing vehicle movements.

Power generation via anaerobic digestion is eligible for ROCs.

Almost any organic material can be processed with anaerobic digestion. This includes biodegradable waste materials such as waste paper, grass clippings, leftover food, sewage and animal waste. The plants comprise, *inter alia*, a number of digesters and CHP plants.

Organic material is received at the plant and fed, in batches, into the digesters. A typical digester is a 770 cubic metre concrete chamber with an airtight door. The digesters are then sealed and the organic matter heated to a temperature of 40°C. The interior of the digester is sprayed with a water vapour containing micro-organisms. The micro-organisms feed upon the organic matter converting it, via a number of chemical stages, into biogas. The biogas is piped from the digester into a CHP plant which then converts it into heat and electricity. The final stage of the process involves transferring the electricity from the CHP unit to the electricity grid.

Figure 3: The anaerobic digestion process



A digester is typically sealed for approximately 28 days during which time biogas is produced. At the end of 28 days, the digester is opened, the residual organic matter removed and a new batch of organic matter introduced.

Kedco is currently working with a leading supplier of anaerobic digestion plants which has installed 18 plants in continental Europe. The plants will use either municipal, food industry or agricultural waste as the feedstock. Each type of feedstock has different gas yield characteristics.

Depending on the type of organic matter utilised, an anerobic digestion plant can process 60,000 tonnes of organic matter per annum and produce between 2MW and 4MW of electricity.

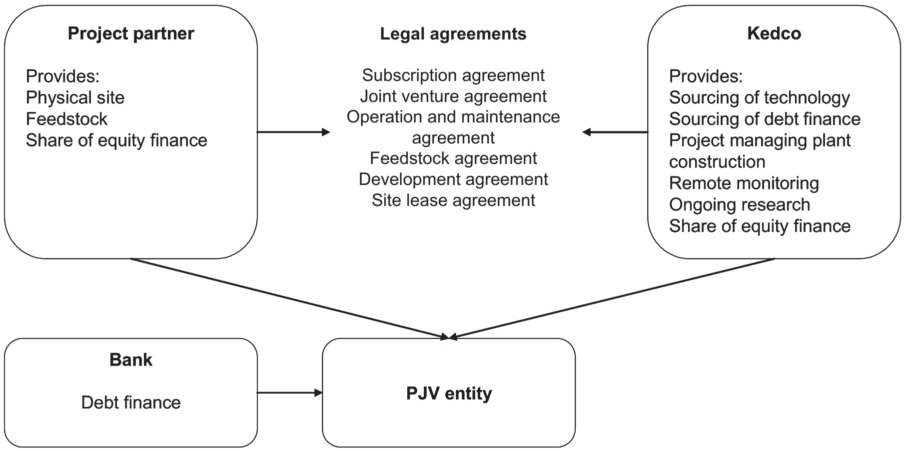
The Directors have identified a medium-term opportunity whereby the organic material recovered from the digesters following the anaerobic digestion process can be fed into a gasification plant to produce syngas. Hence, the Directors envisage that some plants will comprise both gasification and anaerobic digestion facilities thereby increasing the gas yield and hence the electricity generated from the feedstock.

Potential projects

Kedco has identified more than 25 specific opportunities for Kedco Power within the UK and Ireland of which seven have signed, non-binding letters of intent with potential partners. In addition, Kedco is considering a number of other potential leads for its business. The possible projects range in size from 1MW to 16MW and represent a mixture of gasification and anaerobic digestion technologies. Whether the identified projects become operational depends upon a number of factors including entering into commercially acceptable agreements with joint venture partners, securing satisfactory investment and financing terms and receiving the appropriate planning consents. Nevertheless, the Directors believe that, based on discussions held with potential customers, funders and the relevant planning authorities to date, Kedco Power is well placed to benefit from the current interest in the renewable energy sector.

The diagram below provides an indicative structure for the projects.

Figure 4: An indicative PJV structure



Pursuant to the PJV, the partner will make available a portion of its site, the feedstock and its share of the equity finance.

Kedco will source the appropriate technology, arrange the necessary debt finance, manage construction of the plant, perform remote monitoring to achieve optimal gas yields and provide its share of the equity finance.

Following installation of the plant, Kedco will undertake ongoing research into technological developments applicable to the PJV. These may include the production of synthetic diesel at gasification plants and gasification of the compost by-product produced via anaerobic digestion.

A typical PJV will involve Kedco, the partner and the PJV entering into a number of different legal agreements including principally:

- a subscription agreement whereby Kedco and its partner will subscribe for the PJV's equity (or advance shareholder loans, as the case may be);
- a joint venture agreement governing the relationship between the joint venture partners (being Kedco Power, the partner and the PJV);
- an operation and maintenance agreement detailing the responsibilities of Kedco and the partner in respect of the plant's operation and maintenance;
- a feedstock agreement whereby the partner contracts to provide feedstock for a specified period. Kedco intends to secure feedstock agreements that last for a minimum of five years;
- a development agreement detailing the obligations of Kedco in relation to the development of the power generation plant; and
- a site lease agreement detailing the terms on which the partner will lease its site to the PJV. Kedco intends to secure lease agreements that are for a period of at least 20 years.

Detailed below are examples of two of the 25 specific opportunities that Kedco is currently negotiating with potential partners.

4MW gasification plant

Kedco is currently in discussions with a waste operator in London, UK to develop a 4MW gasification plant with the capability of processing 18,000 tonnes of wood waste per annum. Kedco intends to submit planning applications in respect of the site shortly.

1MW anaerobic digestion plant

Kedco has held detailed discussions with an agricultural operator based in Ireland to develop a 1MW anaerobic digestion plant with the capability of processing 30,000 tonnes of agricultural waste per annum. Draft legal agreements between Kedco and that agricultural operator have been prepared.

Kedco has signed a letter of intent with a further agricultural operator based in Ireland that owns a suitable plant site which has an approved grid connection, and in respect of which appropriate planning applications have been submitted.

The Directors are currently in discussions with a number of Irish financial institutions in relation to securing debt funding in respect of these projects.

Kedco has recently ordered two 2MW gasification units from a US supplier in respect of two of its gasification opportunities. It is anticipated that the units will be delivered in April 2009, with operations and electricity generation to commence in the second half of 2009.

The Directors believe that there is a significant early-mover advantage to be gained in the marketplace and therefore intend to accelerate the development of opportunities wherever possible. The Directors envisage that this will require Kedco to seek to raise further funds in early 2009 to allow the commencement of construction of various additional plants in Kedco's pipeline of projects. This is discussed in more detail below.

Project finance

It is intended that each project will be held in discrete PJVs. The PJVs will own the relevant power-generating assets and be financed via a mixture of equity and debt. Kedco intends to co-invest in the equity required for each project with the selected partner. In certain circumstances where the Directors feel it is merited, the selected technology provider may also invest in the equity of the PJV.

Kedco has held discussions with a number of different debt providers and several have indicated a willingness to provide project finance to the PJVs. Indicative terms have been received from a potential funder confirming that project gearing of 65 per cent. is achievable. Kedco and the project partner will select its debt provider on a project-by-project basis.

It is intended that all profits generated within the PJVs will be returned to the equity investors (including Kedco Power) as soon as reasonably practicable.

Project approval and operation of projects

Kedco will perform due diligence on all projects prior to making an investment. This will include technical, commercial, financial and legal evaluation of each project.

Under the PJVs, Kedco intends to be responsible for managing the construction of the plants, which will be undertaken by external contractors. Construction projects are intended to be reviewed and monitored by management on a monthly basis against budget so that any necessary corrective actions can be promptly identified. The Directors estimate construction periods of seven months in respect of the gasification plants and nine months in respect of the anaerobic digestion plants before they can commence generating power. Construction of the plants will commence upon receipt of the relevant planning approvals and the securing of necessary funding.

It is intended that the PJV will be responsible for operating and maintaining the plants on an ongoing basis. The Directors estimate that a typical plant requires two people for its operation and it is intended that these will be full-time PJV employees. Additionally, Kedco intends to perform remote monitoring to help ensure sufficient gas yields are being achieved and that remedial action is taken where appropriate.

Planning permission

Obtaining planning permission for renewables projects can be time consuming and depends on factors such as location, type of technology, and likely visual and environmental impact. The Company anticipates that the planning lead-time will be minimised as the plants will be based largely within existing industrial and commercial facilities, where planning constraints are often eased. In addition, the Directors believe that the plants are typically less intrusive than other renewable technologies. Where relevant, Kedco will engage closely with the local community and provide appropriate environmental impact studies and assessments.

Kedco and its PJV partners are currently engaged in the planning process in relation to three projects amounting to approximately 6 MW of electrical power in aggregate.

Outputs

The Directors believe that the identified projects will create a number of key revenue streams.

Kedco revenues

It is intended that Kedco will sell the gasification or anaerobic digestion plant to the PJV on which it will make a margin. The margin represents the difference between the sales price of the plant to the PJV and the cost of the plant to Kedco plus the costs associated with the plant's construction. The intention is that this will create an early revenue stream for Kedco at the point the plant becomes operational.

PJV revenues

Subject to the PJVs obtaining regulatory approvals and grid connection, electricity produced from the plants can be sold to electricity purchasers including major utilities, EirGrid (in Ireland) or industrial operators. Pursuant to the Irish REFIT scheme, the PJVs will have the option to sell the electricity generated from its Irish plants to EirGrid at a current price of €120 per MWh. However, the Directors envisage that maximum revenues will be achieved by contracting with major utilities via power purchase agreements. To that end, Kedco is currently holding discussions with a major utility in Ireland to provide up to 30MW of electricity from its various plants at an index-linked price under a 15 year arrangement. The Directors are similarly engaging with UK utilities.

Under UK legislation, the PJV's electricity generation will qualify for ROCs. A ROC is a green certificate issued to an accredited generator for eligible electricity generated within the United Kingdom. One ROC is issued for each MWh of eligible renewable output generated. The UK Government recently confirmed its intention to introduce a banded ROC scheme from 1 April 2009 whereby advanced conversion technologies, including gasification and anaerobic digestion will qualify for two ROCs per MWh. The PJV will have the option of selling the ROCs it receives in the market however, it is the Directors' intention that any ROCs received will be bundled with the electricity produced and sold as a package to the electricity purchasers. The Directors anticipate that an 18,000 tonne gasification plant will deliver approximately 32,000 MWh annually and will thus be eligible for 64,000 ROCs at a current market value which the Directors believe is in excess of £50 per ROC.

Some waste operators currently have to pay a fee, known as a gate fee, to dispose of waste into landfill. By partnering with Kedco, such waste operators will be able to avoid incurring this cost. In such circumstances, the PJV would charge the waste operator a reduced gate fee for disposing of its waste into the power plant. The Directors believe that this fee is likely to only be applicable to PJVs using anaerobic digestion plants to process municipal waste.

In addition to those revenue streams mentioned above, the Directors have identified a number of ancillary revenue streams that could be generated from its products.

The power generation process creates by-products with a potential value. The by-product from the gasification process is charcoal which is used in water filtration processes. The by-product from anaerobic digestion is compost/fertiliser. The Directors believe there is a potential market for all these products.

At present, certain of Kedco's technology suppliers are developing the existing gasification process such that synthetic diesel ("syndiesel") can be produced as an alternative to electricity. As with the existing gasification process, wood and/or compost feedstocks may be gasified to produce syngas. After purification the Fischer Tropsch process is used to convert syngas into syndiesel. The Directors estimate that one tonne of feedstock can produce approximately 200 litres of syndiesel. The Directors believe that in certain circumstances the production of syndiesel at the Company's gasification plants may provide a greater economic return than electricity. Kedco will continue to work with its technology suppliers to evaluate the commercial benefits of modifying future gasification plants for the production of syndiesel.

A final by-product of the power generation process is heat. It is envisaged that, in the short-term at least, the heat produced will be allowed to dissipate. However, in due course, the Directors believe that there is a potential market for such heat. For example, the heat could be supplied via pipes, using water as the medium, to industrial operators.

Kedco Energy

Kedco Energy comprises a number of core and non-core businesses, all operating with a green-energy focus, that have evolved since Kedco's incorporation.

Vudlande SIA ("Vudlande")

Vudlande is a Latvian company that produces Forest Stewardship Council approved wood and biomass products. Vudlande is 80 per cent. owned by Kedco with the balance of the equity held by the local management. The Latvian facility consists of a sawmill facility located in the northeast of Latvia close to the Russian border. The product is sold into local Baltic states, Scandinavia and the UK.

The Forest Stewardship Council is an independent, non-governmental, not-for-profit organisation established to promote responsible management of the world's forests. Products carrying the FSC label are independently certified to assure consumers that they originate from forests that are managed to meet social, economic and ecological requirements.

Sawdust and chips resulting from the processing of the timber are sold on to local biomass users. Moreover, Kedco has identified an opportunity whereby a gasification plant could be located on the Latvian site owned by the Group to create energy from the waste products. The Directors are currently evaluating the opportunity in detail prior to making a decision on the timing of the commission of the plant.

In the 14 months to 30 June 2008, Vudlande generated revenues of €6.1 million. The Directors consider Vudlande to be a core operation of the Group and expect the business to continue to grow organically.

Kedco Energy Limited ("KEL")

KEL supplies medium to large biomass boilers and CHP plants to the commercial and domestic markets in the UK and Ireland. Biomass boilers provide thermal, as opposed to electrical, energy. Kedco sold its first wood pellet biomass boiler in June 2006. The business has subsequently expanded and achieved sales in excess of 500 biomass boilers ranging from 16KW (for domestic use) to 2MW (for industrial use). KEL's biomass boilers allow purchasers to reduce significantly ongoing energy costs due to their enhanced efficiency.

The boilers are sourced from a number of suppliers based in continental Europe. Boilers are branded with the Kedco brand allowing the Company to change suppliers if necessary.

Sustainable Energy Ireland offers grants for the installation of biomass boilers in Ireland. Domestic biomass boilers are eligible for grants of up to €2,500 whilst industrial boilers are eligible for grants of up to 30 per cent. of their purchase cost.

In the 14 months to 30 June 2008, KEL generated revenues of €1.9 million. The Directors consider Kedco Energy to be a core operation of the Group and expect the business to continue to grow organically.

Granig Trading Limited ("Granig Trading")

Granig Trading provides biomass wood pellets and related wood products to the domestic and commercial markets. The Directors intend to transfer the assets and business of Granig Trading into KEL during the financial year ending 30 June 2009.

In the 14 months to 30 June 2008, Granig Trading generated revenues of €1.1 million.

Castle Home Supplies Limited ("Castle Home Supplies")

Castle Home Supplies was involved in the provision of supplies to the building industry. In July 2007, the Directors decided that these operations were non-core and hence commenced their termination. The Directors estimate that Castle Home Supplies will have fully ceased trading by December 2008.

The waste management and renewable energy opportunity

The Directors believe that the Kedco business model is supported by the current EU, UK and Irish regulatory regimes and that these regimes are driven by three key governmental concerns, namely climate change, waste management and the security of energy supply. In relation to climate change, there has been a concerted global effort, as evidenced by the Kyoto Protocol, to combat global warming. This has led to the implementation of appropriate legislation at national levels. Separately, there is recognition that the levels of waste being sent to landfill are having detrimental environmental effects, as evidenced by the EU Landfill Directive, and hence alternatives to landfill are being promoted. Finally, the Directors believe that as a result of the depletion of fossil fuels, national governments are increasingly conscious of the need to secure sufficient energy supplies to meet commercial and residential demand.

Set out below is an overview of the regulatory regimes in respect of waste management and climate change.

Waste Management

EU waste policy overview

EU and UK waste management policy is based on the waste hierarchy which prioritises waste minimisation over re-use, over recycling (materials and energy recovery), with landfill being the disposal option of last resort.

The EU Landfill Directive (1999) seeks to prevent or reduce the negative environmental effects from the landfilling of waste. The Directive introduced targets to reduce the amount of biodegradable municipal waste ("BMW") that is sent to landfill and requirements for all waste to be pre-treated prior to landfilling.

UK waste policy overview

Landfill Tax ("LFT") is the UK Government's primary instrument to reduce waste and divert waste away from landfill. The LFT exerts greater influence on the municipal, commercial and industrial waste streams, where a significant proportion of the waste is subject to the higher rate of tax, currently at £32 per tonne. This rate is set increase to £48 per tonne by April 2010.

In addition to LFT, UK Government policy also includes targets for recycling. The Waste Strategy for England 2007 sets higher targets for recycling and composting of household waste than previously, with at least 50 per cent. of municipal waste recycled or composted by 2020.

The UK Government introduced the Landfill Allowance Trading Scheme ("LATS") in 2005 specifically to meet the targets in the EU Landfill Directive for diversion of BMW from landfill. The scheme allocates tradable landfill allowances to each Waste Disposal Authority ("WDA") in the UK with authorities able to landfill BMW up to the level of allowances held. Trading, banking and borrowing enables WDAs to meet their obligations under the scheme in the most cost effective way. The targets to be achieved through LATS include a reduction in the amount of BMW going to landfill by 65 per cent., compared to that produced in 1995, by 2010.

The overall price paid by WDAs to dispose of municipal waste to landfill comprises the gate fee charged by the landfill operator, the LFT and the cost of LATS allowances. Accordingly, where technology, such as that employed by the PJVs, is competing within landfill as a treatment or disposal option in the municipal sector the Directors believe it needs to be competitive against this combined landfilling price. Whilst LATS does not apply to commercial and industrial waste streams, the Directors believe the escalating LFT will also increasingly influence the competitive balance between landfilling and technology based waste management solutions in Kedco's favour.

Irish waste policy overview

According to the National Waste Report 2006, published in January 2008 by the Environmental Protection Agency ("EPA"), Ireland is in significant danger of missing its 2010 target for diverting biodegradable municipal waste from landfill. Almost 50 per cent. more waste, including food and garden waste, paper, cardboard, wood and textiles is being sent to landfill than the target levy. As a result, the EPA has proposed several policy instruments to address the situation. As of 1 July 2008, the landfill levy was increased from €15 per tonne to €20 per tonne.

Climate change and renewable energy

EU climate change policy overview

Three significant packages of climate change measures were published by the European Commission on 23 January 2008. The Commission intends that the package of proposals on climate change policy will lead to a model of sustainable economic development powered from renewable sources. The key proposals include a proposal seeking to share the 20-30 per cent. emissions reduction target (on 1999 levels by 2020) between member states. It was further proposed that a legally binding target for renewables of 20 per cent. of EU level energy consumption by 2020 be established.

UK climate change policy overview

In March 2007 the UK Government published the Climate Change Bill. Under the Kyoto Protocol, the UK Government has committed to reduce greenhouse emissions by 12.5 per cent. from 1990 levels. The UK Government has set a further target of reduction in emissions of 20 per cent. by 2010. Approximately 25 per cent. of all the UK's emissions of carbon-dioxide or CO_2 comes from household use of fossil fuels, consequently the Directors believe that renewable energy heating technologies are high on the UK Government's agenda.

In June 2008, a consultation paper on the UK Renewable Energy Strategy was published by the Department for Business, Enterprise and Regulatory Reform ('BERR') in the UK. The paper stated that renewable energy is key to a low carbon energy future and that there is a need radically to reduce greenhouse gases as well as diversify energy sources. In early 2008, the UK agreed with other Member States to an EU wide target of 20 per cent. renewable energy by 2020. The UK's proposed share would be to achieve 15 per cent. of the UK's energy from renewables.

The UK Renewables Obligation ("RO") scheme requires licensed electricity suppliers to source a specific and annually increasing percentage of the electricity they supply from renewable sources. The current target is 5.5 per cent. for 2005/06 rising to 15.4 per cent. by 2015/16.

Under the current scheme, for each megawatt hour of renewable energy generated, a ROC is issued. Suppliers can meet their obligation by acquiring ROCs, paying a buy-out price, or a combination of ROCs and paying a buy-out price. When a supplier chooses to pay the buy-out price, the proceeds are deposited into a buy-out fund. At the end of the 12-month obligation period, the buy-out fund is recycled to ROC holders as a payment.

The UK Government is currently revising the RO scheme with their response of January 2008 to the May 2007 consultation "Reform of the Renewables Obligation" confirming the intention to introduce a banded scheme from 1 April 2009. Pursuant to this response, advanced conversion technologies (including gasification and anaerobic digestion technologies to be employed by the PJVs) will qualify for two ROCs per megawatt hour. In June 2008, the UK Government published a statutory consultation setting out detailed proposals on implementing the banding including details of the qualifying technologies/installations.

Irish climate change policy overview

Pursuant to the Irish National Development Plan 2007-2013, the Irish Government has committed to invest €8.5 billion in Ireland's Energy Programme. The key components of the Government's approach is set out in a number of plans seeking to promote renewable energy. In January 2008, the European Commission proposed that Ireland should ensure that 16 per cent. of all energy consumed comes from renewable sources by 2020.

On 1 May 2006 the Irish Government announced a new renewable energy grant scheme. A renewable energy feed-in-tariff ("REFIT") or guaranteed price for the production of electricity from biomass CHP and anaerobic digestion was introduced. Under the REFIT programme, such electricity, which the Directors believe will include electricity produced by the PJVs, will receive a guaranteed price of €120 per MWh.

In addition, the Irish Government announced a scheme pursuant to which businesses, schools and hospitals can receive grants from Sustainable Energy Ireland for the installation of biomass-fuelled and anaerobic digestion CHP units. The Government announcement stated that the scheme is designed to encourage industry and commercial users to generate their own heat. The Directors believe this scheme will help drive revenues derived from the sale of biomass boilers by KEL.

Competition

Potential competitors to Kedco include technology providers, existing waste operators and platform providers akin to Kedco. However, the Directors believe that current competition for its business model is limited.

Existing technology providers have the potential to approach Kedco's target partners directly thereby excluding Kedco from the process. However, the Directors believe that Kedco's business model, which involves a partnership structure and a comprehensive solution (including sourcing, construction, maintenance and ongoing management), is more attractive to waste operators than an outright purchase from a technology provider. In addition, Kedco has spent a considerable amount of time targeting potential partners and the Directors do not believe that technology providers have the same level of knowledge of the UK and Irish markets. In this way, the Directors believe that many technology providers are attracted to Kedco as a potential market for their products rather than approaching the wider market directly.

Existing waste operators may seek to source the technology directly from technology providers thereby excluding Kedco from the process. However, the Directors believe that this potential is limited to large-scale waste operators that have the resources to source and operate such technology without financial or operational assistance. Kedco is targeting medium-scale operators where the Directors believe that the operators' ability to source and operate such technology is limited.

Market participants pursuing the same business model as Kedco may limit Kedco's ability to achieve its business plan. However, the Directors are not currently aware of any such participants and believe that Kedco's significant experience in sourcing effective technologies and potential partners provides it with a early-mover advantage in the marketplace.

Business organisation

Currently, Kedco employs 87 individuals (excluding the Directors) of which 24 are located in the UK and Ireland with the balance based in Latvia. Kedco employees focus on various key functions including sales, business development, operations, technology and finance.

Kedco's business model relies on a small number of experienced individuals with backgrounds in the energy and renewables markets to manage a discrete number of projects. The executive Directors bring together significant expertise in the following key business areas:

- building relationships with technology suppliers;
- negotiating PJVs with potential partners;
- commercial structuring of PPAs;
- sourcing of appropriate debt finance;
- building relationships with key renewable energy organisations such as regulatory bodies; and
- financial control, governance and reporting to meet public company requirements.

The executive Directors are supported by an experienced group of non-executive Directors.

Directors

William Kingston, 37, Non executive Chairman

William Kingston is one of the four original founders of Kedco, joining the Board in March 2005 as Chairman. William operates one of the largest dairy farms in Ireland based in County Cork. William is also president of the Irish Grassland Association, a body focussed on research and dissemination of information to the Irish agricultural industry. William was a board member of the Food Safety Authority of Ireland from 2002 to 2006 and West Cork Leader from 2005 to 2007.

Donal Buckley, 33, Chief Executive Officer

Donal Buckley is one of the four original founders of Kedco. Since its incorporation in March 2005, Donal has played a key role in the development of the Company. Prior to his involvement with Kedco, Donal was a divisional manager with SWS Farm Services Limited, an Irish company specialising in wind energy. Donal graduated from University College Dublin in 1997 with a degree in Agricultural Science.

Gerry Madden, 49, Finance Director

Gerry Madden joined Kedco in May 2007 as the Executive Director of Finance. Prior to this, Gerry operated his own consultancy practice between 1998 and 2007 advising companies on merger and acquisition activities. Gerry is currently a non-executive director of Ecom Interaction Services Limited, a subsidiary of Newcourt plc. Gerry is a fellow of the Institute of Chartered Accountants in Ireland having qualified as an accountant with KPMG in 1987. Gerry holds a degree in Commerce from University College Cork.

Edward Barrett, 41, Non-executive Director

Edward Barrett is one of the four original founders of Kedco. Eddie established International Livestock Genetics Limited, an Irish importer and distributor of bovine genetics based in County Cork and has been managing director since 1993. In addition, Eddie is a director of Platinum Asset Management Ltd, an investment company specialising in the renewable energy sector.

Diarmuid Lynch, 43, Non-executive Director

Diarmuid Lynch is one of the four original founders of Kedco. Diarmuid operates one of the largest dairy farms in Ireland based in County Cork. From 1998 to 2000, Diarmuid served on the board of the Blackwater Trading Company, a group involved in the procurement of agricultural inputs, services and feedstock on behalf of farmers in the Blackwater region of Ireland.

Donal O'Sullivan, 64, Non-executive Director

Donal O'Sullivan joined the board of Kedco in August 2007. He was the chairman and an executive director of Esso Ireland Limited between 1986 and 2001. He was also a director of the Irish Petroleum Industry Association, the representative body of companies in Ireland engaged in the importation, distribution and marketing of petroleum products. Donal held the position of managing director of HOYER Ireland Limited and was a board member of HOYER in the UK from 2001 to 2006. HOYER Ireland is a subsidiary of HOYER GmbH, a company involved in the provision of specialist logistics services to the petroleum, chemical, gas and foodstuff sector.

Alf Smiddy, 46 Non-executive Director

Alf Smiddy joined the board of Kedco in May 2007 as a non-executive director. Alf worked for brewery firm Beamish & Crawford plc for 20 years until October 2008 and was latterly its chairman and managing director. Alf is chairman of the Irish Brewers Association and Plato Ireland Network Limited, an Irish business development network for small and medium sized enterprises. In addition, Alf is a director of the Cork Airport Authority plc and the Cooperation Ireland Cork Committee. Alf holds a degree in Commerce from University College Cork and is a fellow of the Institute of Chartered Accountants in Ireland having qualified as an accountant with Price Waterhouse.

Reasons for Admission

The Directors believe that Admission will raise the profile of Kedco, increase awareness of its brand and business in the UK and Ireland and provide access to international capital markets. Following Admission the Directors expect the Company to undertake a fundraising during early 2009.

Application has been made to the London Stock Exchange for the entire issued Ordinary Share capital to be admitted to trading on AIM. Admission is expected to become effective and dealings in the Ordinary Shares are expected to commence on or around 20 October 2008.

Current trading

Since its incorporation in 2005, Kedco's revenues have grown significantly. Group revenues for the 14 months ended 30 June 2008 were approximately €9 million.

The Directors expect revenues for Kedco Energy Limited to decline in the current financial year due to their increasing focus on the activities of the Kedco Power division. Despite this, the Directors have been encouraged by the current level of demand for Kedco's biomass boilers which they attribute to increased market awareness of the government incentives available coupled with growing recognition of the Kedco brand.

The Directors expect a contraction in demand for Vudlande's products and hence revenues in the year to 30 June 2009 as a result of price pressures being experienced in the timber product market. The Directors predict this to be a temporary reduction however and expect revenues to increase in the following financial year as a result of the recent expansion of the Vudlande facility.

As detailed above, the focus of the Directors will be on the opportunities available for Kedco Power and hence this division will attract the majority of the Group's resources going forward.

Corporate governance

The Company will hold regular Board meetings throughout the year at which operating and financial reports will be considered. The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets, major items of capital expenditure and senior personnel appointments.

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of Ordinary Shareholders. As the Company grows, the Directors intend that it should develop policies and procedures which comply, as far as is practicable with the Principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the "Combined Code"). The Directors have established an audit committee ("Audit Committee"), a remuneration committee ("Remuneration Committee") and a nomination committee ("Nomination Committee"), comprised of non-executive directors.

It is intended that the role of the Remuneration Committee will be to review the performance of the executive directors and other senior executives and to set the scale and structure of their remuneration, including the implementation of any bonus arrangements, with due regard to the interests of Ordinary Shareholders. It is intended that the Remuneration Committee will also administer and establish performance targets for share incentive schemes and determine the allocation of share incentives to employees. The members of the Remuneration Committee will be Edward Barrett, William Kingston and Alf Smiddy.

It is intended that the Audit Committee will be responsible for making recommendations to the Board on the appointment of the auditors and the audit fee and will review reports from management and the Company's auditors on the financial accounts and internal control systems used throughout the Company. It is intended that the Audit Committee will meet at least three times each year. The members of the Audit Committee will be Alf Smiddy, Diarmuid Lynch and William Kingston.

A Nomination Committee will make recommendations on all new Board appointments. The members of the Nomination Committee will be Donal O'Sullivan, Diarmuid Lynch and William Kingston.

The Board has adopted a code for dealings in the Company's securities by Directors and applicable employees which conforms to the requirement of the AIM Rules ("Share Dealing Code"). The Company will be responsible for taking all proper and reasonable steps to ensure compliance by the Directors and applicable employees with the Share Dealing Code and the AIM Rules. Kedco complies with the corporate governance obligations applicable to Irish registered public companies whose shares are quoted on AIM.

Takeover Rules and disclosure requirements

As an Irish company, Kedco will not be subject to the UK Takeover Code.

Once Kedco is admitted to AIM it will be subject to the Irish Takeover Rules and mandatory bid, compulsory acquisition and buy-out provisions will apply.

Mandatory bid

The Irish Takeover Rules will apply to Kedco. Under the Irish Takeover Rules, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to Ordinary Shares carrying 30 per cent. or more of the voting rights in Kedco, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Irish Takeover Panel) to make an offer for the outstanding shares at a price not less than the highest price paid for the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in Kedco if the effect of such acquisition were to increase that person's percentage of the voting rights by 0.05 per cent.

Compulsory acquisition

Under the Companies Acts, if an offeror were to acquire 80 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 20 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, unless the High Court of Ireland determined otherwise, one month later it would execute a transfer of the outstanding shares in its favour and pay the consideration to Kedco, which would hold the consideration on trust for the outstanding shareholders. Where the offeror already owns more than 20 per cent. of Kedco at the time that the offeror makes an offer for the balance of the shares, then the compulsory acquisition rights only apply if the offeror acquires at least 80 per cent. of the remaining shares which also represent at least 75 per cent. in number of the holders of those shares. This provision would apply in the same way to the A Shares.

Buy-out

The Companies Acts also give minority shareholders in Kedco a right to be bought out in certain circumstances by an offeror which has made a takeover offer. If a takeover offer related to all of the Ordinary Shares in Kedco and at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 80 per cent. of the Ordinary

Shares, any holder of shares to which the offer related who had not accepted the offer could by written communication to the offeror require it to acquire those shares. The offeror would be required to give any shareholder notice of his rights to be bought out within one month of that notice arising. This provision would apply in the same way to the A Shares.

Irish merger control legislation

Under Irish merger control legislation, any person or entity proposing to acquire direct or indirect control of Kedco through the acquisition of Ordinary Shares or otherwise must, subject to various exceptions and if various financial thresholds are met or exceeded, provide advance notice of such acquisitions to the Irish Competition Authority. Failure to notify properly is an offence under Irish law. The Competition Act, 2002 of Ireland, as amended, defines "control" as existing if, by reason of securities, contracts or any other means, decisive influence is capable of being exercised with regard to the activities of a company. Under Irish law, any transaction subject to the mandatory notification obligation set out in the legislation (or any transaction which has been voluntarily notified to the Irish Competition Authority) will be void, if put into effect before the approval of the Irish Competition Authority is obtained or before the prescribed statutory period following notification of such transaction lapses without the Irish Competition Authority having made an order.

Disclosure requirements and notification of interests in shares

Under Irish company law, where any person acquires an interest in 5 per cent. or more of the issued voting share capital of any class of an Irish public limited company, such person must notify the company in the prescribed manner and normally within five business days, of his interest and of certain information relating to that interest. Notification must also be made of any change in the percentage level of a person's interest above 5 per cent. and any reduction to his or her interest to less than 5 per cent. Any interest, whether direct or through a spouse, minor child or company which the person in question is deemed to control or, in certain circumstances, other persons with whom he is acting in concert, would be regarded as an interest in shares for this purpose. Failure to notify punctually and properly is an offence under Irish company law. Additionally, Irish law provides that no right or interest whatsoever in respect of any of the relevant shares will be enforceable, whether directly or indirectly, by action or legal proceeding by the person having such an interest should they fail to notify the company of such interest. Application may be made to the Irish High Court to remove this restriction, and if the court is satisfied that the failure to notify was accidental or due to inadvertence or that it is just and equitable to grant relief then the Court may grant such relief as it sees fit. The company is obliged to keep a register showing all notifications received and to keep it open for inspection by the public.

The AIM Rules require an AIM company to issue a notification without delay of any relevant changes, being changes to the legal or beneficial interest, whether direct or indirect, to the holding of a significant shareholder, such a shareholder holding 3 per cent. or more of any class of security in the Company, which increases or decreases such holding through any single percentage.

Under the Kedco Articles, persons are also obliged to make a notification where the person is interested in 3 per cent. or more of the issued share capital of the Company whether A Shares or Ordinary Shares.

Lock in arrangements

Following Admission, the Directors (including spouses where appropriate) will hold 64,852,880 Ordinary Shares, representing approximately 32.5 per cent. of the issued Ordinary Share capital of the Company. The Directors have undertaken to the Company, Deloitte Corporate Finance and Lewis Charles that, save in certain limited circumstances, they will not dispose of Ordinary Shares for a period of twelve months following Admission.

Following Admission, Farmer Business Developments plc ("FBD") will hold 49,861,600 Ordinary Shares, representing approximately 25.0 per cent. of the issued Ordinary Share capital of the Company. FBD has undertaken to the Company, Deloitte Corporate Finance and Lewis Charles that, save in certain limited circumstances, it will not dispose of Ordinary Shares for a period of twelve months following Admission.

Further details of the terms of the Lock-in Agreements are set out in paragraph 6 of Part IV of this document.

Share incentives

The Directors believe that the success of the Company depends to a high degree on the future performance of the management team. The Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the profitability of the Company. Accordingly the Company has established the Long-Term Incentive Plan further details of which are set out in paragraph 9 of Part IV of this document.

Dividend policy

The Directors' current intention is to retain the Company's earnings in the foreseeable future to finance growth and expansion. It is, however, the Directors' intention to pay dividends when, in the view of the Directors and in accordance with applicable law, it is appropriate to do so.

Financial information

The attention of investors is drawn to the key financial information relating to Kedco Block Holdings Limited which is set out in Part III of this document. Kedco plc was incorporated on 2 October 2008. Prior to the incorporation of Kedco plc, Kedco Block Holdings Limited was the ultimate holding company of the Kedco group. The historic financial information covering the 14 month period ended 30 June 2008 and the two years ended 30 June 2007 set out in Part III is consolidated at the level of Kedco Block Holdings Limited.

Since its incorporation, Kedco plc has acquired the entire issued share capital of Kedco Block Holdings Limted. This acquisition may give rise to a goodwill item in the Group's next set of consolidated accounts. Goodwill is a non-tangible asset and under IFRS, if goodwill arises in respect of the acquisition of Kedco Block Holdings Limited, it will be held on the Group's balance sheet and subjected to an annual impairment review.

Separate financial information on Kedco plc has not been included in this document as since the date of its incorporation Kedco plc has not yet commenced operations and that, save for its investment in Kedco Block Holdings Limied, it has no material assets or liabilities, and therefore no financial statements have been prepared as at the date of this document.

Taxation

General information regarding Irish and UK taxation in relation to the Admission is set out in paragraph 8 of Part IV of this document. If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.

Admission, settlement and dealings

Application has been made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective, and unconditional dealings will commence on 20 October 2008. No application has been made to admit the Ordinary Shares to listing or trading on any other stock exchange.

No temporary documents of title will be issued. All documents sent by or to a placee, or at his direction, will be sent through the post at the placee's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of Kedco.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by way of a written instrument. The Ordinary Shares will be admitted to CREST. Accordingly, settlement of transactions in the Ordinary Shares following Admission will continue to take place within the CREST system if the relevant Ordinary Shareholder so wishes. The Articles provide for the transfer of shares in dematerialised form by way of a relevant system such as CREST. CREST is a voluntary system and Ordinary Shareholders who wish to receive and/or retain share certificates may do so.

The ISIN (International Securities Identification Number) of the Ordinary Shares is IE00B3DKXJ73.

Additional information

Your particular attention is drawn to the Risk Factors set out in Part II, the Accountants' Report in Part III and the Additional Information in Part IV of this document.

PART II

RISK FACTORS

Prospective investors should be aware that an investment in the Company involves a high degree of risk. Accordingly prospective investors should carefully consider the specific risk factors set out below in addition to the other information set out in this document in evaluating whether to make an investment in the Company. Prior to investing in the Ordinary Shares or conducting any transactions in the Ordinary Shares, potential investors are advised to consult their own professional advisers.

There are various risk and other factors associated with an investment of the type described in this document. The Directors consider the risk factors described below to be the most relevant in considering an investment in the Company. Any one or more of these risks may have a material effect on the value of any investment in the Company.

You should note that the risks described below are not the only risks faced by the Group and there may be additional risks and uncertainties that the Directors currently consider not to be material or of which they are currently unaware and which may also have an adverse effect on the Group.

1. Operational Risks

Access to capital

The Company will need to raise further funds to carry out the implementation of its business plan set out in Part I of this document. Any additional equity financing may be dilutive to Ordinary Shareholders, and debt financing, if available, may involve restrictions in financing and operating activities. In addition, there can be no assurance that the Company will be able to raise additional funds when needed or that such funds will be available on terms favourable to it. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion or to cease trading.

Financing arrangements

Kedco's growth depends on the successful implementation of new projects, all of which will require equity capital and/or debt in order to achieve returns acceptable to investors. A long delay or inability to raise financing for the projects could seriously impact Kedco's renewable energy development and ownership strategy and therefore its business, financial condition, trading performance and prospects.

The use of borrowings presents the risk that Kedco may be unable to service interest payments and principal repayments or comply with other requirements of its loans, rendering borrowings immediately repayable in whole or in part, together with any attendant cost, and Kedco might be forced to sell some of its assets to meet such obligations, with the risk that borrowings will not be able to be refinanced or that the terms of such refinancing may be less favourable than the existing terms of borrowing.

A number of factors (including changes in interest rates, conditions in the banking market and general economic conditions which are beyond Kedco's control) may make it difficult for the Company to obtain such new finance on attractive terms or even at all. If Kedco's borrowings become more expensive, relative to the income it receives from its investments, then Kedco's profits will be adversely affected.

Planning consent for future projects

In the UK and Ireland, obtaining planning consent for the installation of new generating plants is required in most cases and development criteria must be met, some of which may be subjective in nature. Accordingly, it is not possible to be certain that planning consent will be given in a timely manner, if at all.

Implementation of development projects

Kedco may not succeed in securing the supply of renewable energy projects on favourable terms due to increased competition from organisations with greater access to capital and other resources, or a shortage of supply of renewable energy developments. Projects may be delayed in development or construction or affected by electricity connection or property rights issues. In addition Kedco will be dependent on the supply of equipment from manufacturers and contractors in order to construct renewable energy projects. The number and quality of the suppliers and the supply/demand balance may affect Kedco's ability to procure and construct projects. As a result Kedco's ability to achieve its business plan could be adversely affected.

Project performance

There is no guarantee that Kedco's projects will proceed at all or as planned, or in accordance with the expected timescale. Delay to the projects, or failure of the projects to be completed or to operate as planned could have a substantial adverse effect on Kedco's prospects.

PJV partnership arrangements

Although Kedco has engaged in discussions with various potential joint venture partners in relation to potential projects, Kedco does not currently have any binding agreements in place in respect of any of the projects. There is no guarantee that Kedco will successfully negotiate commercially acceptable terms with any of the potential joint venture partners identified to date. Failure to enter into any, or a substantial number, of the envisaged joint venture projects could have a material adverse effect on Kedco's prospects.

Agreements with technology companies

Kedco does not currently have binding agreements in place with the companies that have developed the technologies that it intends to use in respect of the power generation plants. There is no guarantee that Kedco will enter into binding agreements with such technology companies. If Kedco does not succeed in entering into binding agreements with technology companies this could have a substantial adverse effect on Kedco's ability to proceed with joint venture projects and the prospects of Kedco as a whole.

Feedstock supply

Kedco will be dependent on the supply of feedstock for the operation of the power generation plants. Although Kedco will seek to enter into supply contracts with partners on formation of the PJV entities it is unlikely that these will cover the duration of the PJV's site lease. An inability to source feedstock at a competitive price could have a substantial adverse impact on the PJV's ability to generate electricity.

Energy yield

The generation of electricity at Kedco's PJVs is dependent on the syngas and methane yields from the gasification and anaerobic digestion plants respectively. Gas yields are in turn dependent on, *inter alia*, the quality of feedstock supplied. As the feedstock to be used in Kedco's operations is not of a uniform nature there can be no guarantee that the gas yield will be either consistent or of the magnitude assumed by the Directors. If gas yields do not meet the Directors' expectations, electricity generation at the PJV plants may be less than expected.

Grid connections

In order to sell electricity to the PJVs' wholesale customers the power generation plants will need to be connected to the national grids of the UK or Ireland (as the case may be). Ability to connect to the national grids is dependent upon, *inter alia*, distance, local capacity and the quality of infrastructure (including electricity sub-stations) in relation to each proposed project. An inability to connect easily into the national grid systems would incur costs or delays to the projects that may adversely effect Kedco's prospects.

Dependence on the PPAs

Kedco will be dependent on securing contracts with electricity supply companies for the sale of electricity generated by the PJVs. There is no guarantee that Kedco will be able to secure PPAs for all of its PJVs on terms that are in accordance with the Directors' current expectations. An inability to secure PPAs or a significant breach of a PPA by a PJV could have a material impact on Kedco. In particular, the lack of a PPA in respect of the output of a particular plant might affect the availability of debt financing for such plant's construction.

Energy price volatility

Kedco's revenue from energy sales may be affected by fluctuations in energy prices (e.g. the price of oil). Given that renewable energy projects have high fixed/capital costs and low variable/operating costs, the total cost of generation may be sensitive to changes in equipment costs.

An increase in technology costs for renewable energy could significantly decrease the cost competitiveness of clean energy versus conventional energy.

Revenues

Although the Directors have confidence in Kedco's future revenue earning potential, there can be no certainty that Kedco will achieve or sustain significant revenues, profitability or positive cash flow from its operating activities. This could impair Kedco's ability to sustain operations or secure any required funding.

Technology

Kedco intends to utilise different technologies for different projects, including those relating to gasification and anaerobic digestion. Technology failure in any of these areas could impact expected revenues and earnings from operations and projects. Further, due to the long term nature of the proposed projects, there is a risk of technology redundancy over the medium to longer term.

Construction of plants

Kedco intends to use third party contractors to construct the power generation plants. Kedco intends to monitor closely the construction process. However, failure by such contractors to meet their obligations under their contractual agreements with Kedco could lead to a delay in the power generation plants becoming operational.

Dependence on key personnel

Kedco's success depends to a significant degree on the contributions of a small number of individuals including the executive Directors and senior management and its future success will depend in large part upon its ability to attract and retain such individuals. Although Kedco has entered into service or employment contracts with these individuals, loss of the services of any member of its key management may affect the business and results of the operations of Kedco.

Competition risk

Kedco faces competitive pressure in two main areas namely, renewable energy development and the sale of renewable energy. In securing projects to develop and build, Kedco faces competition from other specialist developers and the development arms of major electricity generators and waste processors. Kedco also faces price competition from other renewable energy generators selling their renewable energy output into the market. There is no assurance that Kedco would be able to compete successfully in such market circumstances.

Such competition may cause a decrease in expected profit margins, and adversely affect Kedco's market share. Such competition may have a substantial adverse effect on Kedco's business, financial condition, trading performance and prospects.

Environmental and health and safety regulations

The operations of Kedco's power stations could be adversely affected if its projects failed to comply with EU, national and local environmental and health and safety laws and regulations. Changes in these laws and regulations may cause increased compliance costs, the need for additional expenditure, the reduction of certain benefits currently available to the project or may affect output levels. Kedco's failure or inability to comply with any such statutes or regulations in the past or in the future or any change in the requirements of such statutes or regulations could result in civil or criminal liability, the limitation, suspension or termination of operations, imposition of clean up costs, fines or penalties and large expenditures, which may adversely affect Kedco's business, results from operations or financial condition.

Kedco Energy

Kedco Power constitutes the main focus of the Group going forward. However, Kedco will continue to operate the existing businesses of Kedco Energy, as described in Part I of this document. Trading within Kedco Energy will be subject to a number of risks including:

- risks relating to the demand for its products which might be affected by competitive pressures and the withdrawal of government incentives;
- risks relating to the costs of its goods which might be affected by increases in supplier costs or the costs of labour;

- risks relating to the quality of its products which might be affected by supplier issues in KEL or production issues in Vudlande; and
- operational risks arising from the location of Vudlande's facilities in Latvia.

Any of these risks could have an adverse impact on Kedco's profits.

2. Industry risks

Regulatory and political environment

The market for renewable electricity is heavily influenced by EU and national Governmental regulations and policies. There may be unforeseen changes in such regulation or policy, or other changes in terms upon which renewable energy is accredited or compensated under the relevant regulatory mechanism. Such changes could result directly or indirectly in a material reduction or abolition of the premium price received by producers of renewable energy.

ROC prices

The market value of ROCs, which are influenced by, *inter alia*, the levels of renewable energy production in the UK, may decline which could negatively impact Kedco's revenues.

New industry participants

To date, the renewable energy sector in the UK and Ireland has comprised a relatively small number of active participants. It is possible that other significant operators, including large established energy companies, may assume a significant role in the renewable energy sector, competing for project opportunities.

Furthermore, technological and manufacturing advances may reduce the cost of the technology utilised in Kedco's operations lowering the barriers to entry for other small companies looking to enter the market.

Change in public attitude

It is possible that the public's attitude towards renewable energy may change so as to make it more difficult to develop renewable energy projects, including obtaining planning approval for new waste transformation and biomass power generation plants. That change may result from social perceptions as to the visual and other environmental impact of such facilities.

3. General risks

General economic risk, currency risk and overseas activities

The financial position of Kedco may be adversely affected by general economic conditions, by conditions within various countries' markets or by the particular financial condition of the parties conducting business with Kedco.

Foreign revenues are also subject to special risks that may disrupt markets, including the risk of war, terrorism, civil disturbances, embargo, and government activities. Revenue generating activities in certain foreign countries may require prior governmental approval in the form of an export license and otherwise be subject to tariffs and import/export restrictions. There can be no assurance that Kedco will not experience difficulties in connection with future foreign revenues and, in particular, adverse effects from foreign currency fluctuations.

Kedco will conduct some of its business overseas in currencies other than the Euro and as such its financial performance is subject to the effects of fluctuations in foreign exchange rates. A number of Kedco's possible projects will be in the UK with revenue and costs payable in Sterling. Significant fluctuations in the Euro-Sterling exchange rate may have an adverse affect on Kedco's financial performance.

4. Risks relating to the Ordinary Shares

Investment in AIM securities

It may be more difficult for an investor to realise his or her investment on AIM than to realise an investment in a company whose shares or other securities are listed on the Official List. The AIM Rules are less demanding than those of the Official List of the UKLA. An investment in a share that is traded on AIM is likely to carry a higher risk than an investment in a share in a company listed on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Ordinary Shares cannot be guaranteed.

The market for the Company's Ordinary Shares may be highly volatile and subject to wide fluctuations in response to a variety of factors, which could lead to losses for Ordinary Shareholders. These factors include, but are not limited to: additions or departures of key personnel; litigation; adverse press, newspaper or other media reports; variation in Kedco's operating results; changes in sales or profit estimates or the publication of research reports by analysts; strategic actions by competitors, such as acquisitions or restructurings; actions by institutional shareholders; general market conditions; and domestic and international economic factors unrelated to Kedco's business.

Market value of the Shares

Shareholders should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and Ordinary Shareholders may therefore not recover any or all of their original investment, especially as the market in Ordinary Shares on AIM may have limited liquidity.

In addition, the price at which Ordinary Shareholders may dispose of their shares in the Company may be influenced by a number of factors, some of which may pertain to Kedco, and others of which may be extraneous. Ordinary Shareholders may realise less than the original amount invested.

The price of Ordinary Shares may be depressed by the issue of additional Ordinary Shares by the Company following Admission

As set out in Part I of this document, the Directors intend to seek to issue additional Ordinary Shares in order to fund the growth plans of the Company within 12 months of Admission.

In addition, pursuant to the terms of the Long-Term Incentive Plan, should certain performance conditions of the be met, approximately 49,256,332 A Shares would convert into Ordinary Shares.

Any such issue or conversion would dilute the interests of Ordinary Shareholders and could impact upon the price of Ordinary Shares.

Investors should consider carefully whether an investment in the Company is suitable for them in the light of the potential risk factors, their personal circumstances and the financial resources available to them.

PART III – FINANCIAL INFORMATION

The Directors Kedco plc Portgate Business Park Monkstown Co Cork Ireland	Deloitte & Touche Deloitte & Touche House Charlotte Quay Limerick Ireland

The Partners
Deloitte Corporate Finance
Deloitte & Touche LLP
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1 Stonecutter Street
London
EC4A 4TR
UK

Dear Sirs

Kedco Block Holdings Limited (the "Company" and, with its subsidiaries, the "Group")

We report on the financial information set out in Part III of the AIM Admission Document dated 20 October 2008 of Kedco plc (the "Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in Note 2 to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation) as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 2 to the financial information.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom and Ireland, including the United

States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows, and changes in equity for the periods then ended in accordance with the basis of preparation set out in Note 2.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) as applied by paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission document in compliance with Annex I item 1.2 of the Prospectus Directive Regulation as applied by Schedule Two to the AIM Rules for Companies.

Yours faithfully

Deloitte & Touche
Chartered Accountants

Consolidated income statement

for the 14 month period ended 30 June 2008, the year ended 30 April 2007 and period from inception on 14 March 2005 to 30 April 2006

	Notes	*Period from inception on 14 March 2005 to 30 April 2006* €	*12 months ended 30 April 2007* €	*14 months ended 30 June 2008* €
Continuing operations				
Revenue	7	2,678,582	7,635,815	9,015,835
Cost of sales	8	(2,414,980)	(6,414,604)	(8,469,643)
Gross profit		263,602	1,221,211	546,192
Operating expenses				
Distribution expenses	9	—	(44,091)	(38,802)
Administrative expenses	9	(738,100)	(3,018,656)	(5,060,357)
Operating loss		(474,498)	(1,841,536)	(4,552,967)
Finance costs	10	(46,715)	(389,925)	(796,860)
Finance income		2,515	13,677	353
Loss before taxation	11	(518,698)	(2,217,784)	(5,349,474)
Income tax credit/(expense)	12	56,625	(39,285)	(20,562)
Net loss		(462,073)	(2,257,069)	(5,370,036)
Attributable to:				
Equity holders of the parent		(462,888)	(2,272,188)	(5,398,245)
Minority interest		815	15,119	28,209
		(462,073)	(2,257,069)	(5,370,036)

	Notes	*Period from inception on 14 March 2005 to 30 April 2006* € *Euro per share*	*12 months ended 30 April 2007* € *Euro per share*	*14 months ended 30 June 2008* € *Euro per share*
Basic loss per share:				
From continuing operations	13	(0.80)	(2.65)	(4.52)
Diluted loss per share:				
From continuing operations	13	(0.80)	(2.65)	(4.52)

Consolidated balance sheet

At 30 June 2008, 30 April 2007 and 30 April 2006

	Notes	*At 30 April 2006*	*At 30 April 2007*	*At 30 June 2008*
ASSETS		€	€	€
Non-current assets				
Goodwill	14	549,451	549,451	549,451
Other intangible assets	15	414,158	331,499	234,301
Property, plant and equipment	16	3,026,129	5,211,533	5,024,351
Deferred taxation		53,014	—	—
		4,042,752	6,092,483	5,808,103
Assets classified as held for sale	21	—	—	1,602,256
Total non-current assets		4,042,752	6,092,483	7,410,359
Current assets				
Inventories	19	1,144,107	2,031,904	1,625,316
Trade and other receivables	20	1,073,523	1,708,799	1,375,790
Cash and bank balances	30	56,534	134,461	306,238
Total current assets		2,274,164	3,875,164	3,307,344
Total assets		**6,316,916**	**9,967,647**	**10,717,703**
EQUITY AND LIABILITIES				
Equity				
Share capital	22	576,000	1,000,000	1,807,933
Share premium	22	24,000	1,605,000	7,084,737
Retained earnings – deficit		(462,888)	(2,735,076)	(8,133,321)
Equity attributable to equity holders of the parent		137,112	(130,076)	759,349
Minority interest		105,208	566,870	596,651
Total equity		242,320	436,794	1,356,000
Non- current liabilities				
Borrowings	23	3,508,607	6,306,243	5,178,679
Deferred income – government grants	24	109,427	72,930	71,501
Finance lease liabilities	25	155,287	276,345	243,009
Deferred tax liability	27	80,891	60,298	80,860
		3,854,212	6,715,816	5,574,049
Liabilities associated with assets as held for sale	21	—	—	1,743,986
Total non-current liabilities		3,854,212	6,715,816	7,318,035
Current liabilities				
Trade and other payables	26	1,105,480	1,463,611	1,318,627
Borrowings	23	1,009,458	1,083,710	571,406
Deferred income – government grants	24	36,333	36,334	24,431
Finance lease liabilities	25	69,113	231,382	129,204
Total current liabilities		2,220,384	2,815,037	2,043,668
Total equity and liabilities		**6,316,916**	**9,967,647**	**10,717,703**

Consolidated statements of changes in equity

for the 14 month period ended 30 June 2008, the year ended 30 April 2007 and period from inception on 14 March 2005 to 30 April 2006

	Share capital €	*Share premium* €	*Retained earnings* €	*Total* €	*Attributable to equity holders of the parent* €	*Minority interest* €
On inception	—	—	—	—	—	—
Issue of ordinary shares	576,000	24,000	—	600,000	600,000	—
(Loss)/profit for the period	—	—	(462,888)	(462,073)	(462,888)	815
Arising on acquisition	—	—	—	104,393	—	104,393
Balance at 1 May 2006	576,000	24,000	(462,888)	242,320	137,112	105,208
Issue of ordinary shares	424,000	1,581,000	—	2,005,000	2,005,000	—
(Loss)/profit for the year	—	—	(2,272,188)	(2,257,069)	(2,272,188)	15,119
Contribution to subsidiary (note 18)	—	—	—	446,543	—	446,543
Balance at 1 May 2007	1,000,000	1,605,000	(2,735,076)	436,794	(130,076)	566,870
Issue of ordinary shares	807,933	5,479,737	—	6,287,670	6,287,670	—
(Loss)/profit for the period	—	—	(5,398,245)	(5,370,036)	(5,398,245)	28,209
Unrealised foreign exchange loss	—	—	—	1,572	—	1,572
Balance at 30 June 2008	1,807,933	7,084,737	(8,133,321)	1,356,000	759,349	596,651

Consolidated cashflow statement

for the 14 month period ended 30 June 2008, the year ended 30 April 2007 and period from inception on 14 March 2005 to 30 April 2006

	Notes	*Period from inception on 14 March 2005 to 30 April 2006* €	*12 months ended 30 April 2007* €	*14 months ended 30 June 2008* €
Cash flows from operating activities				
Loss before taxation		(518,698)	(2,217,784)	(5,349,474)
Adjustments for:				
Depreciation of property, plant and equipment		109,791	438,193	639,864
Amortisation of intangible assets		2,205	83,133	97,198
Loss on disposal of property, plant and equipment		—	46,720	32,376
Unrealised foreign exchange (gain)/loss		—	(815)	1,572
Interest expense		46,715	389,925	796,860
Interest income		(2,515)	(13,677)	(353)
Operating cash flows before working capital changes		(362,502)	(1,274,305)	(3,781,957)
(Increase)/decrease in:				
Trade and other receivables		(898,509)	(635,276)	373,009
Inventories		(1,037,695)	(887,797)	406,588
Increase/(decrease) in:				
Trade and other payables		1,672,933	316,160	(152,841)
		(625,773)	(2,481,218)	(3,155,201)
Income taxes refunded/(paid)		3,611	(1,389)	(5,475)
Net cash used in operating activities		**(622,162)**	**(2,482,607)**	**(3,160,676)**
Cash flows from investing activities				
Additions to property, plant and equipment		(1,763,770)	(2,646,048)	(2,293,791)
Proceeds from sale of property, plant and equipment		87,417	292,787	279,560
Additions to intangibles		(414,480)	(474)	—
Interest received		2,515	13,677	353
Net cash used in investing activities		**(2,088,318)**	**(2,340,058)**	**(2,013,878)**
Cash flows from financing activities				
Net proceeds from borrowings		2,071,720	3,045,141	1,773,748
Proceeds from issuance of ordinary shares		600,000	1,355,000	5,214,825
Proceeds from/(payments for) issuance of preference shares		—	820,000	(573,600)
Payments of finance leases		(17,596)	(33,729)	(208,597)
Interest paid		(46,715)	(389,925)	(796,860)
Net cash from financing activities		**2,607,409**	**4,796,487**	**5,409,516**
Net (decrease)/increase in cash and cash equivalents		**(103,071)**	**(26,178)**	**234,962**
Cash and cash equivalents at the beginning of the financial period		—	(103,071)	(129,249)
Cash and cash equivalents at the end of the financial period	30	**(103,071)**	**(129,249)**	**105,713**

Notes to the consolidated financial information for the 14 month period ended 30 June 2008, the year ended 30 April 2007 and period from inception on 14 March 2005 to 30 April 2006

1. General information

Kedco Block Holdings Limited (in this Part III "the Company") was incorporated in Ireland on 14 March 2005. The address of its registered office and principal place of business is Unit 6, Portgate Business Park, Monkstown, Co. Cork.

Kedco Block Holdings Limited and its newly formed subsidiary companies (together in this Part III, "the Group" or "Kedco Block"), commenced trading as a start up business during the period ended 30 April 2006.

In February 2006, Kedco Block Holdings Limited acquired 80% of the share capital of SIA Vudlande ("Vudlande"), a limited liability company registered in Latvia, for consideration of €966,953. The Vudlande acquisition provided the Group with substantially increased resource production capacity. The acquisition of Vudlande was funded through bank debt.

The principal activity of the Group is to provide renewable energy solutions through resource supply and power generation. Throughout the reporting period this has been delivered through the supply of combined heat and power ("CHP") units, domestic wood pellet boilers and solar panels and the supply of wood pellets, construction materials and sawn timber products.

During the reporting period the Group has been working to develop technologies, including anaerobic digestion, gasification and biomass heating, which will significantly change the method of delivery in future periods.

The Group has incurred significant research and development expenditure throughout the reporting period related to both the current activities of the Group and to the technologies that will be used in the future.

The Group's operations to date have been funded through a mixture of equity and debt funding. The equity funding has been raised from the original shareholders and from a large number of private external investors. Control has been retained by the original shareholders throughout. The debt funding has been raised from banks and from the equity investors.

Subsequent to the period end, the Company received further investment of €7,575,000, including €7,000,000 from Farmer Business Developments plc from the issuance of 623,270 ordinary shares of €1 each.

2. Statement of accounting policies

Basis of preparation

The Group consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") effective at 30 June 2008 for all periods presented as issued by the International Accounting Standards Board and adopted by the European Union ("EU") and therefore the group financial information complies with Article 4 of the EU IAS Regulation.

The consolidated financial information is prepared under the historical cost convention. The principal accounting policies set out below have been applied consistently by the parent company and by all of the Group's subsidiaries to all periods presented in this consolidated financial information.

The Company's directors made a decision to change the ending date of the accounting period in 2008 for administrative convenience. Consequently, the consolidated income statement and consolidated cash flow statement presented is for the 14 month period from 1 May 2007 to 30 June 2008. As a result, the comparative amounts for the income statement, cash flow statement and the related notes are not entirely comparable.

Basis of consolidation

The consolidated financial information incorporates the financial information of the Company and its subsidiaries.

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

Acquisitions of subsidiaries and businesses from third parties are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Common control business combinations

The assets and liabilities of subsidiaries acquired from entities under common control are recorded in these consolidated financial statements at their pre-acquisition carrying values. Any difference between the carrying values of the net assets of these subsidiaries and the consideration paid by the Company is accounted for as an adjustment to shareholder's equity. The results of the acquired entity are reflected from the date of acquisition.

Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is immediately recognised in profit or loss and not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods, including, boilers, wood pellets, wood chips and timber production is recognised when all the following conditions are satisfied:

- The significant risks and rewards of ownership have transferred to the buyer of the goods;

- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods is recognised when the possession of the goods pass to the buyer on delivery which coincides with the transfer of legal title to those goods.

Franchise fees

The Group has signed master franchise agreements with a number of retailers for the sale of residential boilers. Revenue from franchise agreements is recognised on a basis that reflects the purpose for which the fees were charged. Fees for the provision of continuing services, whether part of the initial fee or a separate fee, are recognised as revenue as the services are rendered. The initial fee is deferred and recognised as the services are rendered. Fees are charged and received on an annual basis.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Segment analysis

The Group's primary format for segmental reporting is business segments and the secondary format is geographical segments. The risks and returns of the Group's operations are primarily determined by the different products that the Group supplies rather than the geographical location of the Group's operations.

The Group has two business segments: wood products and construction materials and energy solutions.

The principal activities of the wood products and construction materials business segment are the production of sawn timber, realisation of wood, the sale of supplies to the building industry and the sale of wood chips and wood pellets.

The energy solutions segment focuses on the provision of renewable energy solutions through technologies including, anaerobic digestion, gasification and biomass heating and through power generation including the supply of combined heat and power units, domestic boilers and solar panels.

Corporate activities, such as the cost of corporate stewardship, which includes administrative, finance and head office costs are reported along with the elimination of the inter-group activities under the heading "Unallocated and group eliminations". Inter-segment pricing is determined on an arms length basis.

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:

- 'Trading loss' refers to the operating loss generated by the businesses before intangible asset amortisation and depreciation on property, plant and equipment.
- '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.

The Group's primary geographical segments are Ireland and Latvia. The geographical segment 'Other Europe' includes sales in the following countries: the United Kingdom, Estonia and France.

Leasing

The Group as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value, or if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

Foreign currencies

For the purposes of the consolidated financial information, the results and financial position of each group entity are expressed in Euro, which is the functional currency of the Company and its subsidiaries, except for SIA Vudlande, where the functional currency of the company is Latvian Lats.

There has been no material currency movement arising as a result of the stable position of the Lat relative to Euro.

Transactions in currencies other than the functional currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial information, the assets and liabilities of the Group's foreign operations are expressed in Euro using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. In accordance with IAS21, the average exchange rate is used as it approximates the exchange rates ruling at the date of the transactions.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the balance sheet within either non-current liabilities or current liabilities, as appropriate and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets and included in the line item 'administrative expenses' as an offset against depreciation of the relevant asset.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purposes of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries except where the Company controls the timing of the reversal of the temporary difference and where the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except where they relate to items credited or debited directly in equity.

Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost, less accumulated depreciation and any accumulated impairment losses. The cost of plant, property and equipment and construction in progress comprises purchase price and other directly attributable costs.

Freehold land and construction in progress are not depreciated.

Depreciation is charged so as to write off the cost of assets, other than freehold land and construction in progress, over their estimated useful lives to estimated residual value, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end. The following estimated useful lives are used in the calculation of depreciation:

Buildings	5-50 years
Plant and machinery	2-5 years
Office equipment	2-5 years
Fixtures and fittings	2-5 years
Motor vehicles	5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probably and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets and disposal groups classified as held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell.

Intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development is recognised only if the related technology is technically and commercially viable in the future and has the ability to generate future cash flows and other economic benefits for the Group. Intangible assets arising from development are only recognised if the Group has the necessary technical, financial and other resources to complete the development and the ability to measure the expenditure attributable to the intangible asset.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

The following useful lives are used in the calculation of amortisation of intangible assets:

Software	3 years
Development costs	5 years

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash – generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the assets may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash – generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined on an average cost basis and include all expenditure incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest rate method. An impairment is recognised for trade receivables where there is default in payment terms and significant financial difficulty.

Cash and cash equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

Financial liabilities and equity instruments issued by the Group

Measurement

Financial liabilities are initially recognised at fair value, net of transaction costs and subsequently stated at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as an equity instrument in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

A financial instrument is classified as an equity instrument if, and only if, the instrument includes a contractual obligation to deliver cash or another financial assets to another entity and if the instrument will or may be settled in the issuer's own equity instruments, it is a non-derivative with no contractual obligation to deliver a variable number of its own equity instruments or a derivative that will be settled by the issuers exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Financial instruments which do not meet the recognition criteria of equity instruments are classified as financial liabilities.

Compound instruments

The component parts of compound instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Standards and Interpretations in issue not yet adopted

At the date of inclusion of this financial information in the Admission Document, the following Standards and Interpretations were in issue, but not yet adopted:

IFRS 1 (r2008)	First-Time Adoption of IFRS	1 January 2009
IFRS 2 (r2008)	Share-Based Payments	1 January 2009
IFRS 3 (r2008)	Business Combinations	1 July 2009
IFRS 5 (r2008)	Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
IFRS 8	Operating Segments	1 January 2009
IAS 1 (r2007/8)	Presentation of Financial Statements	1 January 2009
IAS 16 (r2008)	Property, Plant and Equipment	1 January 2009
IAS 19 (r2008)	Employee Benefits	1 January 2009
IAS 20 (r2008)	Government Grants and Disclosure of Government Assistance	1 January 2009
IAS 23 (r2007)	Borrowing Costs	1 January 2009
IAS 27 (r2008)	Consolidated and Separate Financial Statements	1 July 2009
IAS 32 (r2008)	Financial Instruments: Presentation	1 January 2009
IAS 36	Impairment of Assets	1 January 2009
IAS 38	Intangible Assets	1 January 2009
IAS 39 (r2008)	Financial Instruments: Recognition and Measurement	1 January 2009

The Group does not anticipate a significant impact from the adoption of these standards. A number of Standards and Interpretations are in issue and not specified above as they are not relevant to the Group.

3. Critical accounting judgements and key sources of estimation of uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following represents a summary of the significant estimates and judgments and related impact and associated risks in the Group's consolidated financial information.

The following are the critical judgments, apart from those involving estimations, that management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial information.

Recoverability of internally-generated intangible asset

At each period end presented, the directors reconsidered the recoverability of the Group's internally-generated intangible asset arising from development costs for anaerobic digestion and gasification technologies. This is included in the balance sheet at 30 June 2008 at €233,665 (2007: €329,877; 2006: €412,349). The project continues to progress in a satisfactory manner and the Group is in advanced stages of negotiation with approximately 25 customers who will use these technologies. The Group will launch the relevant technology in the next 12-14 months in Ireland and the United Kingdom. The directors have carried out detailed sensitivity analysis including the assessment of profitability, future cash flows and financing requirements and determined the asset is not impaired as of 30 June 2008.

Impairment of goodwill

Determining whether goodwill has been impaired requires an estimation of the value in use of cash-generating units to which goodwill has been allocated. The goodwill of €549,451 included in note 14 arose on acquisition of 80% of the share capital in SIA Vudlande, a limited liability company, registered in Latvia. SIA Vudlande continues to maintain its position in the market and is currently expanding production lines. This expansion is expected to be completed in October 2008. The directors have projected the performance and cash flows of the company for the next five years and these projections do not indicate impairment in the carrying value of the cash-generating unit to which goodwill has been allocated.

Provisions for impairment of trade receivables

The Group estimates the allowance for doubtful trade receivables related to trade receivables based on assessment of specific accounts where the Group has objective evidence comprising default in payment terms or significant financial difficulty that certain customers are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including but not limited to, the length of relationship. At 30 June 2008, provisions for doubtful debts amounted to €232,545 which represents 20% of trade receivables at that date (2007: €154,575 – 11%; 2006: €17,402 – 2%).

4. Financial Risk Management

Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk.

The Group's financial risk management programme aims to manage the Group's exposure to the aforementioned risks in order to minimise the potential adverse effects on the financial performance of the Group. The Group seeks to minimise the effects of these risks by monitoring the working capital position, cash flows and interest rate exposure of the Group. There is close involvement by members of the Board of Directors in the day-to-day running of the business.

The Group's exposure to currency risk is not currently a significant risk. One of the Group's subsidiaries operates in Latvia and the fluctuations in the Latvian Lat compared to the Euro have not been significant for the financial periods presented. The Group's exposure to price risk is not a significant risk as the company does not currently hold a portfolio of securities which may be materially impacted by a decline in market values.

Credit risk

The Group has no significant concentration of credit risk. The Group's credit risk is primarily attributable to its trade and other receivables. The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group's exposure to credit risk arises from defaulting customers, with a maximum exposure equal to the carrying amount of the related receivables.

Provisions are made for impairment of trade receivables when there is default of payment terms and significant financial difficulty. Ongoing credit evaluation is performed on the financial condition of accounts receivable at operating unit level at least on a monthly basis.

The credit risk on cash deposits and liquid funds which have a maturity of less than 3 months at the period end is limited because these instruments are held with banks with reputable credit ratings. The directors are of the opinion that the likelihood of default by a counter-party leading to material loss is minimal.

Liquidity risk

The Group's liquidity is managed by ensuring that sufficient facilities are available for the Group's operations from diverse funding sources. The Group uses cash flow forecasts to regularly monitor the funding requirements of the Group.

The Group's operations are funded by cash generated from financing activities, borrowings from banks and investors and proceeds from the issuance of ordinary share capital at a premium.

The table below details the maturity of the Group's liabilities as at 30 June 2008:

	Up to 1 year	*1 – 5 years*	*After 5 years*	*Total*
	€	€	€	€
Trade and other payables	1,318,627	—	—	1,318,627
Investor loans	—	—	963,555	963,555
Vudlande loan			1,650,000	1,650,000
Bank overdrafts	200,525	—	—	200,525
Bank loans	370,881	3,153,392	1,155,718	4,679,991
Finance Lease	129,204	243,009	—	372,213
	2,019,237	3,396,401	3,769,273	9,184,911

Future interest payments on borrowings which are repayable after more than one year are at varying rates as follows:

	Amount	*Interest rate*
	€	
Bank loans	3,769,273	EURIBOR plus 2.5%
Investor loans	963,555	2% plus prime lending rate from AIB
Vudlande loan	1,650,000	15%
Business credit line	539,837	Cost of funds plus 2.75%
	6,922,665	

The future finance charges on finance leases are disclosed in note 25 to the financial information.

Interest rate risk

The primary source of the Group's interest rate risk relates to bank loans and other debt instruments. The interest rates on these assets and liabilities are disclosed above.

Bank loans and other debt instruments amounted to €7,494,071, €7,389,953 and €3,868,065 in 2008, 2007 and 2006, respectively.

Bank loans and certain debt instruments are arranged at floating rates which are mainly based upon EURIBOR and the prime lending rate of financial institutions, thus, exposing the Group to cash flow interest rate risk. The other remaining debt instruments were arranged at fixed interest rates and expose the Group to a fixed cash outflow.

These bank loans and debt instruments are mostly medium-term to long-term in nature. Interest rates on loans received from investors and shareholders are fixed in some cases while others are a fixed percentage greater than current prime lending rates. 'Medium-term' refers to bank loans and debt instruments repayable between 2 and 5 years and 'long-term' to bank loans repayable after more than 5 years.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's loss for the period at 30 June 2008 would increase/decrease by €52,943.

Foreign exchange risk

The Group is exposed to future changes in the Latvian Lat relative to the Euro. These risks are managed by monthly review of Latvian Lat denominated monetary assets and monetary liabilities and assessment of the potential exchange rate fluctuation exposure. As previously stated, the Group's exposure to foreign exchange risk is not currently a significant risk. Management will reassess their strategy to foreign exchange risk in the event that it becomes more significant to the business.

5. Capital Management

The Group manages its capital to ensure that the Group is able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of financial liabilities, cash and cash equivalents and equity attributable to the equity holders of the parent company.

The Group's management reviews the capital structure on a periodic basis. As part of the review, management considers the cost of capital and risks associated with it. The Group's overall strategy on capital risk management is to continue to improve the ratio of debt to equity.

The gearing ratio of the Group for the periods presented is as follows:

	30 April 2006	*30 April 2007*	*30 June 2008*
	€	€	€
Debt	3,868,065	7,389,953	7,494,071
Cash and bank balances	(56,534)	(134,461)	(306,238)
Finance leases	224,400	507,727	372,213
Preference shares	—	820,000	—
Net debt	4,035,931	8,583,219	7,560,046
Equity	137,112	(130,076)	759,349

Debt is defined as financial liabilities and borrowings of the Group while equity includes all capital, reserves and retained earnings.

6. Analysis of Results

By business segment:	*Period from inception on 14 March 2005 to 30 April 2006*				*12 months ended 30 April 2007*				*14 months ended 30 June 2008*			
	Wood products and construction materials	*Energy solutions*	*Head office services and intercompany eliminations*	*Total*	*Wood products and construction materials*	*Energy solutions*	*Head office services and intercompany eliminations*	*Total*	*Wood products and construction materials*	*Energy solutions*	*Head office services and intercompany eliminations*	*Total*
	€	€	€	€	€	€	€	€	€	€	€	€
Revenue	2,678,582	—	-	2,678,582	6,316,240	1,319,575	—	7,635,815	6,797,410	2,218,425	—	9,015,835
Trading loss (note 2)	(312,780)	—	(49,722)	(362,502)	(180,670)	(611,140)	(528,400)	(1,320,210)	(1,278,367)	(1,959,787)	(577,751)	(3,815,905)
Depreciation and amortisation (note 2)	(111,996)	—	—	(111,996)	(428,936)	(9,257)	(83,133)	(521,326)	(580,746)	(59,118)	(97,198)	(737,062)
Segment result	(424,776)	—	(49,722)	(474,498)	(609,606)	(620,397)	(611,533)	(1,841,536)	(1,859,113)	(2,018,905)	(674,949)	(4,552,967)
Segment assets	5,373,579	—	943,337	6,316,916	7,183,133	1,692,963	1,091,551	9,967,647	7,994,627	1,899,962	823,114	10,717,703
Segment liabilities	(3,757,358)	—	(2,317,238)	(6,074,596)	(4,274,881)	(456,636)	(4,799,336)	(9,530,853)	(4,188,297)	(1,024,419)	(4,148,987)	(9,361,703)
Net assets/(liabilities)	1,616,221	—	(1,373,901)	242,320	2,908,252	1,236,327	(3,707,785)	436,794	3,806,330	875,543	(3,325,873)	1,356,000
Other segmental information												
Property, plant and equipment additions	4,032,358	—	—	4,032,358	2,782,929	180,175	—	2,963,104	2,108,271	258,604	—	2,366,875
Intangible asset additions	4,014	—	412,349	416,363	—	—	—	—	—	—	—	—
Provisions for impairment of inventory to net realisable value	—	—	—	—	—	—	—	—	118,595	—	—	118,595
Provision for impairment of trade receivables	17,402	—	—	17,402	154,575	—	—	154,575	146,823	85,722	—	232,545

By geographic segment:	*Period from inception on 14 March 2005 to 30 April 2006*				*12 months ended 30 April 2007*				*14 months ended 30 June 2008*			
	Ireland	*Latvia*	*Other Europe*	*Total*	*Ireland*	*Latvia*	*Other Europe*	*Total*	*Ireland*	*Latvia*	*Other Europe*	*Total*
Revenue by location by customers	2,150,987	440,950	86,645	2,678,582	4,043,081	3,288,761	303,973	7,635,815	2,986,543	5,850,210	179,082	9,015,835
Segment assets by location	4,635,639	1,681,277	—	6,316,916	5,938,942	4,028,705	—	9,967,647	5,119,782	5,597,921	—	10,717,703
Segment liabilities by location	(5,203,617)	(870,979)	—	(6,074,596)	(8,723,003)	(807,850)	—	(9,530,853)	(7,286,596)	(2,075,107)	—	(9,361,703)

The accounting policies of the reportable segments are the same as the Group's accounting policies as outline in the Statement of Accounting Policies.

7. Revenue

An analysis of the Group's revenue for the period (excluding interest revenue), from continuing operations, is as follows:

	Period from inception on 14 March 2005 to 30 April 2006	*12 months ended 30 April 2007*	*14 months ended 30 June 2008*
	€	€	€
Revenue from franchisees	—	519,000	(10,000)
Revenue from the sale of goods	2,678,582	7,116,815	9,025,835
	2,678,582	7,635,815	9,015,835

8. Cost of Sales

	Period from inception on 14 March 2005 to 30 April 2006	*12 months ended 30 April 2007*	*14 months ended 30 June 2008*
	€	€	€
Opening inventory	—	1,144,107	2,031,904
Purchases	3,358,998	6,837,580	7,154,069
Purchases acquired through business combinations	85,129	—	—
Depreciation on property, plant and equipment	—	357,054	517,102
Provision for impairment of inventory to net realisable value	—	—	118,595
Freight	114,960	107,767	273,289
Closing inventory	(1,144,107)	(2,031,904)	(1,625,316)
	2,414,980	6,414,604	8,469,643

9. Expenses

	Period from inception on 14 March 2005 to 30 April 2006	*12 months ended 30 April 2007*	*14 months ended 30 June 2008*
	€	€	€
Distribution expenses	—	44,091	38,802
Administrative expenses			
Employee expenses	360,546	886,516	1,781,877
Office expenses	144,132	530,596	1,264,391
Marketing expenses	16,948	41,995	176,773
Professional fees	23,725	94,055	518,176
Depreciation and amortisation	111,996	164,272	219,960
Travel and entertainment	33,842	60,958	405,848
Provision for impairment of trade receivables and inventory	17,402	110,508	458,642
Research and development	—	855,037	21,679
Other expenses	29,509	274,719	213,011
	738,100	3,018,656	5,060,357

Research and development expenditure incurred in 2007 and 2008 in respect of the activities relating to power generation through CHP units, domestic wood pellet boilers and solar panels was recognised as an expense in the income statement in the period, where it was not considered probable that the activity would continue to form part of the core operations of the Group in the future.

10. Finance Costs

	Period from inception on 14 March 2005 to 30 April 2006	*12 months ended 30 April 2007*	*14 months ended 30 June 2008*
	€	€	€
Interest on loans, bank facilities and overdraft	46,715	388,365	661,837
Interest on preference shares	—	—	123,000
Lease interest charges	—	1,560	12,023
	46,715	389,925	796,860

11. Loss before taxation

	Period from inception on 14 March 2005 to 30 April 2006	*12 months ended 30 April 2007*	*14 months ended 30 June 2008*
	€	€	€
Loss before taxation is stated after charging:			
Depreciation of property, plant and equipment	109,791	438,193	639,864
Research and development costs	—	855,037	21,679
Amortisation of intangible assets	2,205	83,133	97,198
Directors' remuneration	12,200	59,667	231,751

12. Income tax credit/(expense)

	Period from inception on 14 March 2005 to 30 April 2006	*12 months ended 30 April 2007*	*14 months ended 30 June 2008*
	€	€	€
Income tax credit/(expense) comprises:			
Current tax	—	—	—
Deferred tax relating to the origination and reversal of temporary differences	56,625	(39,285)	(20,562)
	56,625	(39,285)	(20,562)

The applicable tax rate of 12% (2007: 12%; 2006: 12%) used by the Group is based on the weighted average of the standard tax rates applying to profits/losses earned by the Group in the jurisdictions in which it operates. The applicable tax rate for the year can be reconciled to the income tax credit/(expense) as follows:

	Period from inception on 14 March 2005 to 30 April 2006	*12 months ended 30 April 2007*	*14 months ended 30 June 2008*
	€	€	€
Loss before taxation	(518,698)	(2,217,784)	(5,349,474)
Applicable tax	(62,244)	(266,134)	(641,937)
Effects of:			
Amortisation & depreciation in excess of capital allowances	3,296	6,709	7,092
Other adjustments	(2,110)	(66,933)	2,604
Lease payments	—	(4,243)	(5,232)
Expenses not deductible for tax purposes	422	91,028	148,066
Product development costs	—	14,257	—
Income taxed at higher rate	—	—	(2,590)
Utilisation of losses	—	(10,672)	(20,332)
Origination/(reversal) of temporary differences	56,625	(39,285)	(20,562)
Losses carried forward	60,636	235,988	512,329
Income tax credit/(expense) recognised in profit or loss	56,625	(39,285)	(20,562)

Group relief is available between subsidiary companies within the Group and is not paid.

13. Loss per share

	Period from inception on 14 March 2005 to 30 April 2006	*12 months ended 30 April 2007*	*14 months ended 30 June 2008*
	€	€	€
	Euro per share	*Euro per share*	*Euro per share*
Basic loss per share			
From continuing operations	(0.80)	(2.65)	(4.52)
Diluted loss per share			
From continuing operations	(0.80)	(2.65)	(4.52)

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:

	Period from inception on 14 March 2005 to 30 April 2006	*12 months ended 30 April 2007*	*14 months ended 30 June 2008*
	€	€	€
Loss for year attributable to equity holders of the parent	(462,888)	(2,272,188)	(5,398,245)
Weighted average number of ordinary shares for the purposes of basic loss per share	576,000	857,117	1,194,857

14. Goodwill

	Period from inception on 14 March 2005 to 30 April 2006	*12 months ended 30 April 2007*	*14 months ended 30 June 2008*
	€	€	€
Balance at beginning and end of the period	549,451	549,451	549,451

Goodwill arose on the acquisition of an 80% shareholding in SIA Vudlande, a limited liability company incorporated in Latvia as discussed in note 18. Goodwill was allocated to the Latvian CGU within the Wood Products and Construction Materials segment.

Annual test for impairment

During the financial periods presented, the Group assessed the recoverable amount of goodwill and determined that the goodwill associated with the acquisition of SIA Vudlande was not impaired.

The full amount of goodwill for impairment testing purposes relates to the SIA Vudlande cash-generating unit. The principal activities of SIA Vudlande are the processing of wood, sawn timber production and wood realisation. SIA Vudlande has maintained its position in the competitive Latvian market as the company has access to continuous raw material input and as it has the flexibility to produce different types of sawn material. Development which has been undertaken in SIA Vudlande is expected to expand the production capacity of the company.

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections from financial budgets approved by the directors for a five-year period. Cash flow projections during the budget period are based on key assumptions including; expected gross margins, expected raw materials price inflation and expected earnings margin before interest, tax, depreciation and amortisation. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. A summary of the key assumptions used is as follows:

Gross margin	20-25%
Raw materials price inflation	1-5%
Earnings before interest, taxation, depreciation and amortisation	10-12%

Changes in these assumptions are based on past practices and expectations of future changes in the market.

The Group's weighted average cost of capital is used to discount cash flow forecast. No impairments arose during the periods presented. A 1% increase in the discount rate would not result in an impairment charge for the periods presented.

15. Other intangible assets

	Software €	Development costs €	Total €
Cost			
Date of inception	—	—	—
Additions	4,014	412,349	416,363
At 1 May 2006	4,014	412,349	416,363
Additions	474	—	474
At 30 April 2007	4,488	412,349	416,837
At 30 June 2008	4,488	412,349	416,837
Accumulated amortisation			
Date of inception	—	—	—
Amortisation expense	2,205	—	2,205
At 1 May 2006	2,205	—	2,205
Amortisation expense	661	82,472	83,133
At 1 May 2007	2,866	82,472	85,338
Amortisation expense	986	96,212	97,198
At 30 June 2008	3,852	178,684	182,536
Carrying amount			
At 30 April 2006	1,809	412,349	414,158
At 30 April 2007	1,622	329,877	331,499
At 30 June 2008	636	233,665	234,301

Development expenditure, substantially all of which was incurred in 2006, in respect of anaerobic digestion, gasification and biomass heating technologies has been recognised as an intangible asset.

The expenditure incurred related to engineering costs, surveys and consultants fees. These costs are associated with technologically feasible processes which will be used in the business in future and accordingly have been capitalised.

All other research costs incurred during the periods presented relate to other research activities and do not represent capitalisable development costs (see note 9). Amortisation expense has been included in the line item 'administrative expenses'.

The Group is in advanced negotiations with approximately 45 customers who will use these technologies. It is anticipated that the Group will launch these technologies in the next 12-14 months in Ireland and the United Kingdom. The directors have considered the appropriateness of the carrying value of these development costs and are satisfied that the technologies to which they relate are technically and commercially viable into the future, on the basis that they will generate future economic benefits and cash flows for the Group. The value of anticipated cash flows is greater than the carrying value of the development costs and a 1% increase in the discount rate would not result in an impairment charge for the periods shown.

16. Property, plant and equipment

	Land & buildings €	*Office equipment* €	*Plant & machinery* €	*Construction in progress* €	*Fixture & Fittings* €	*Motor Vehicles* €	*Total* €
Cost							
Additions	1,602,256	18,380	171,108	—	27,947	148,794	1,968,485
Disposals	—	(2,558)	(72,162)	—	(12,697)	—	(87,417)
Acquisitions through business combinations	369,934	—	1,615,222	—	78,717	—	2,063,873
At 1 May 2006	1,972,190	15,822	1,714,168	—	93,967	148,794	3,944,941
Additions	25,877	12,348	945,221	1,784,869	48,241	146,548	2,963,104
Disposals	(590)	—	(398,973)	—	(16,794)	—	(416,357)
At 1 May 2007	1,997,477	28,170	2,260,416	1,784,869	125,414	295,342	6,491,688
Additions	845,591	47,514	676,962	552,142	125,603	119,063	2,366,875
Reclassified as held for sale	(1,602,256)	—	—	—	—	—	(1,602,256)
Disposals	(10,647)	—	(301,456)	(8,246)	(41,290)	(232,566)	(594,205)
At 30 June 2008	1,230,165	75,684	2,635,922	2,328,765	209,727	181,839	6,662,102

	Land & buildings €	*Office equipment* €	*Plant & machinery* €	*Construction in progress* €	*Fixture & Fittings* €	*Motor Vehicles* €	*Total* €
Accumulated depreciation							
Charge for the period	—	5,221	72,906	—	1,906	29,758	109,791
Arising through business combinations	77,450	—	680,531	—	51,040	—	809,021
At 1 May 2006	77,450	5,221	753,437	—	52,946	29,758	918,812
On disposals	—	—	(60,054)	—	(16,796)	—	(76,850)
Charge for the period	24,118	6,438	336,122	—	23,381	48,134	438,193
At 1 May 2007	101,568	11,659	1,029,505	—	59,531	77,892	1,280,155
On disposals	—	—	(167,747)	—	(39,021)	(75,500)	(282,268)
Charge for the period	82,976	12,253	433,660	—	45,051	65,924	639,864
At 30 June 2008	184,544	23,912	1,295,418	—	65,561	68,316	1,637,751
Carrying amount							
At 30 April 2006	1,894,740	10,601	960,731	—	41,021	119,036	3,026,129
At 30 April 2007	1,895,909	16,511	1,230,911	1,784,869	65,883	217,450	5,211,533
At 30 June 2008	1,045,621	51,772	1,340,504	2,328,765	144,166	113,523	5,024,351

Included are leased assets held under finance leases or hire purchase contracts as follows:

Asset description	*2006 Carrying amount* €	*2006 Depreciation charge* €	*2007 Carrying amount* €	*2007 Depreciation charge* €	*2008 Carrying amount* €	*2008 Depreciation charge* €
Plant and machinery	69,936	17,483	40,152	29,783	—	1,667
Motor vehicles	49,100	12,275	177,298	18,351	276,800	59,656
	119,036	29,758	217,450	48,134	276,800	61,323

The Group's obligations under finance leases are secured by lessors' title to the leased assets.

Non cash transactions

Acquisitions of property, plant and equipment include €73,083 (2007: €317,056; 2006: €139,486) acquired under finance leases.

17. Subsidiaries

Details of Kedco Block Holdings Limited subsidiaries at 30 June 2008 are as follows:

Name	*Country of incorporation*	*Shareholding*	*Principal activity*
Kedco Power Limited	Republic of Ireland	100%	Provision of energy solutions
Kedco Block Limited	United Kingdom	100%	Trust company
Granig Trading Limited	Republic of Ireland	100%	Importer of wood pellets & other fuel for boilers
SIA Vudlande	Latvia	80%	Wood processing & sawn material production
Castle Home Supplies Limited	Republic of Ireland	100%	Provision of supplies to construction industries
Kedco Energy Limited	Republic of Ireland	100%	Provision of energy solutions
Kedco Investment Limited	Republic of Ireland	100%	Investment company
WWT Kedco Limited	Republic of Ireland	50%	Dormant company
Kedco Group Holdings USA Inc.	United States of America	100%	Dormant company

The shareholding in each company above is equivalent to the proportion of voting power held.

SIA Vudlande is a limited liability company registered in Latvia. Shares in SIA Vudlande are held by Kedco Block Limited, a wholly owned subsidiary incorporated in the United Kingdom under a trust deed with Kedco Block Holdings Limited. Kedco Block Limited acknowledges holding shares upon trust for Kedco Block Holdings Limited "the beneficial owner". All dividends and interest accrued or to accrue upon same, including bonuses, rights and other privileges shall be transferred, paid, or dealt with in such manner as the beneficial owner shall from time to time direct.

Although the Company only owns 50% of shares in WWT Kedco Limited, it has the power to appoint and remove the majority of the board of directors, operational control of the entity by the board and receives the risks and rewards of full ownership. Consequently, WWT Kedco Limited is controlled by the Company and is consolidated in these financial statements.

18. Acquisition of subsidiary

	Principal activity	*Date of acquisition*	*Proportion of shares acquired (%)*	*Cost of acquisition €*
2006				
SIA Vudlande	Wood processing and sawn material production	26/02/2006	80%	966,953

Net assets acquired:	*Fair value on acquisition €*
Non-current assets	
Property, plant and equipment	1,056,065
Intangible assets	1,506
Current assets	
Inventories	85,129
Trade and other receivables	140,306
Cash and cash equivalents	49,718
Current liabilities	
Trade and other payables	(59,326)
Borrowings	(102,957)
Finance lease liabilities	(38,658)
Deferred income – government grants	(26,527)
Non-current liabilities	
Deferred tax liabilities	(64,713)
Finance lease liabilities	(43,350)
Deferred income – government grants	(97,100)
Borrowings	(482,591)
	417,502
Goodwill	549,451
Total consideration	966,953

The acquisition method of accounting has been used to consolidate the business acquired in 2006 in the Group's financial information. Management performed an assessment of the fair value of net assets acquired and have concluded that the fair value on acquisition was approximately the same as book value, and accordingly there are no fair value adjustments. The goodwill is attributable to the expected revenue growth, future market development and expected profitability of the acquired business. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be measured reliably.

Included in the loss for the periods ended 30 June 2008, 30 April 2007 and 30 April 2006 are profits attributable to the acquired business of €141,046, €75,595 and €4,077 respectively.

The consideration for the acquisition was funded through debt (see note 23).

During the year ended 30 April 2007, the Group and the minority interest made a further contribution to the subsidiary and purchased shares such that the 80/20 ownership ratio was maintained.

19. Inventories

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Raw materials	94,465	218,648	243,407
Finished goods	1,049,642	1,813,256	1,381,909
	1,144,107	2,031,904	1,625,316

The cost of inventories recognised as an expense during the period, in respect of continuing operations was €8,469,643 (2007: €6,414,604; 2006: €2,414,980).

The cost of inventories recognised as an expense during the period in respect of write-downs of inventory to net realisable value amounted to €118,595 (2007: €nil; 2006: €nil). The write-down of inventory to net realisable value was made as the selling price of the relevant wood pellets had fallen during the period.

All inventories are expected to be sold within twelve months.

20. Trade and other receivables

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Trade receivables	956,793	1,446,723	1,163,118
Provision for impairment of trade receivables	(17,402)	(154,575)	(232,545)
	939,391	1,292,148	930,573
VAT receivable	71,976	129,083	150,259
Prepayments	62,156	268,321	254,958
Other receivables	—	19,247	40,000
	1,073,523	1,708,799	1,375,790

The movement in the Group's provision for impairment of trade receivables consists of provisions established during the period amounting to €199,438 (2007: €154,575; 2006: €17,402) offset by a reversal of a prior period provision of €33,107 (2007: €nil; 2006: €nil).

Other receivables relates to unpaid share capital of €40,000 in 2008 and unpaid share premium of €19,247 in 2007.

The following table shows an analysis of trade receivables split between past due and within terms accounts. Past due is when an account exceeds the agreed terms of trade, which are typically 60 days.

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Within terms	507,670	820,418	476,589
Past due more than one month but less than two months	204,647	351,475	229,311
Past due more than two months	227,074	120,255	224,673
	939,391	1,292,148	930,573

Included in the Group's trade receivables balance are debtors with carrying amount of €453,984 (2007: €471,730; 2006: €431,721) which are past due at period end and for which the Group has not provided. There has not been a significant change in credit quality and therefore the directors consider the amounts are still recoverable.

The Group does not hold any collateral over these balances. No interest is charged on overdue receivables. The quality of past due not impaired trade receivables is considered good. The carrying amount of trade receivables approximates to their fair values.

There is no concentration of credit risk with respect to receivables as disclosed in Note 4 under credit risk.

21. Assets classified as held for sale

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Land and buildings held for sale	—	—	1,602,256
Liabilities associated with assets held for sale (note 23 (iii))	—	—	1,743,986

The Group intends to sell land and buildings previously used in Castle Home Supplies Limited which ceased trading in 2008. No impairment loss was recognised on reclassification of the land and buildings as held for sale at 30 June 2008.

22. Share capital

		Share capital	
	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
100,000,000 authorised shares of €1 each (2007: 1,000,000 and 2006: 1,000,000)	1,000,000	1,000,000	100,000,000
1,807,933 ordinary shares of €1 each (2007: 1,000,000 and 2006: 576,000)	576,000	1,000,000	1,807,933

		Share premium	
	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
1,807,933 ordinary shares of €1 each (2007: 1,000,000 and 2006: 576,000)	24,000	1,605,000	7,084,737

Fully paid ordinary shares have a par value of €1 per share, carry one vote per share and carry a right to dividends.

The Company was formed with 288,000 ordinary shares of €1.00 each. Shortly after incorporation a further 288,000 ordinary shares were issued. All 576,000 shares were purchased for €1.04 per share raising capital of €600,000.

The Company issued 424,000 additional ordinary shares of €1 each during the year ended 30 April 2007, raising €1,355,000 in cash. Additional shares included 140,714 shares issued in consideration for the conversion of investor loans (see note 23 (i)).

The Company issued 807,933 additional ordinary shares of €1 each during the period ended 30 June 2008 raising €5,214,825 in cash. Additional shares included 157,902 shares which were issued in consideration for the conversion of investor loans (see note 23 (i)) and for the conversion of preference shares in a subsidiary, Granig Trading Limited (see note 23 (iv)).

As at 30 June 2008 there were no outstanding instruments with conversion options over the ordinary share capital of the Company.

All share issues were to finance the operations of the Group.

23. Borrowings

	At 30 April 2006	At 30 April 2007	At 30 June 2008
	€	€	€
Non-current liabilities			
Unsecured – at amortised cost			
Investor loans (i)	—	1,750,000	963,555
Vudlande loan (ii)	—	1,650,000	1,650,000
	—	3,400,000	2,613,555
Secured – at amortised cost			
Bank loans (iii)	3,508,607	2,906,243	4,309,110
Liabilities associated with assets as held for sale (iii)	—	—	(1,743,986)
	3,508,607	2,906,243	2,565,124
	3,508,607	6,306,243	5,178,679

	At 30 April 2006	At 30 April 2007	At 30 June 2008
	€	€	€
Current liabilities			
Bank overdrafts	159,605	263,710	200,525
Investor loans (i)	650,000	—	—
Bank loans (iii)	199,853	—	370,881
Preference shares (iv)	—	820,000	—
	1,009,458	1,083,710	571,406

Summary of borrowing arrangements

The Group has secured debt funding from banks and from its equity investors throughout the reporting period in order to finance capital investment and working capital. The principal loan arrangements entered into are as follows:

(i) Loans from equity investors were received during the year ended 30 April 2007 to finance the general working capital requirements of the Group.

A loan of €963,555 (2007: €1,000,000) was received from a director, and close family which is repayable on demand between 24 May 2012 and 24 November 2013. Repayments are being made against this loan on a monthly basis. This loan is unsecured and carries an annual interest rate of 2% over the prime lending rate of Allied Irish Banks plc. Interest is payable monthly. In 2008, €36,445 of this loan was converted into ordinary share capital in the Company. There was no conversion option in place at 30 April 2007. The conversion was separately negotiated during the period 30 June 2008.

Investor loans of €750,000 were received during the year ended 30 April 2007. Of this amount, €200,000 related to funds advanced by directors. These loans were unsecured and were converted into share capital at a rate of 1 ordinary share per €8.23 during the period ended 30 June 2008. There was no conversion option in place at 30 April 2007. The conversion was separately negotiated during the period 30 June 2008.

Further investor loans of €650,000 were received during the period ended 30 April 2006. Of this amount, €100,000 related to funds advanced by directors. These loans were unsecured and were converted into share capital; €250,000 was converted at a rate of 1 ordinary share per €4.12 and €400,000 was converted at a rate of 1 ordinary share per €5.00 during the year ended 30 April 2007. There was no conversion option in place at 30 April 2006. The conversion was separately negotiated during the year 30 April 2007.

(ii) A loan of €1,650,000 was received from directors (€500,000) and external investors (€1,150,000) during the year ended 30 April 2007 to develop the Vudlande plant in Latvia. This loan is unsecured and carries an annual interest rate of 15%. The term is 5 years with repayment dates between 31 January 2011 and 26 March 2012. Interest is repayable annually.

(iii) Bank loans were entered into in the period ended 30 April 2006 to fund the acquisition of SIA Vudlande and the acquisition of freehold land and buildings by Castle Home Supplies Limited:

- The bank loans entered into to fund the acquisition of SIA Vudlande represent €1,909,167 of the total bank loans at 30 April 2006 and were repaid in 2007.

- Bank loans of €1,743,986 (2007: €1,707,291, 2006: €1,799,293) were entered into by Castle Home Supplies Limited. This business was determined by the directors to be available for sale as at 30 June 2008 and, accordingly, this loan is separately presented on the face of the balance sheet. This loan carried interest at 7 % and was repayable in 2031 according to the terms of the original agreement. This loan is secured by personal guarantees from the directors.

  Bank loans were entered into in the year ended 30 April 2007 to fund working capital:

- In 2007 SIA Vudlande signed a loan agreement with Hipoteku un zemes banka ("LHZB") for €1,800,000. The loan facility has been drawn down gradually upon the request of the company and is available until 26 July 2009. Interest on loan usage is six months EURIBOR plus 2.5% for the drawn down amount. The maturity date of the loan is 27 July 2014. The drawn down amount at 30 June 2008 is €1,546,600 (2007: €nil).

- An additional bank loan of €599,568 (2007: €599,568) was taken out during the year ended 30 April 2007 for the purpose of meeting working capital requirements. This is repayable in 5 years and carries an interest rate of 7%. This loan is secured by personal guarantees from the directors.

- Current liabilities include bank loans due within one year in the amount of €250,000 (2007: €nil; 2006: €nil) for a stocking loan which is repayable on demand. This is secured by a letter of guarantee from the directors, a floating charge over assets of Kedco Energy Limited and assignments over policies on the life of nominated individuals. Interest on the stocking loan is the Ulster Bank's cost of funds rate plus 2.75%.

- Business credit lines of €539,837 (2007: €599,384) were received in 2007 for working capital. Interest is a varying business credit line rate. The facility is secured by letters of guarantee from the directors as noted above and a charge over the commercial warehouse at Portgate Business Park, Monkstown, Co. Cork. This is presented within non-current bank loans.

(iv) In 2007, a subsidiary in the Group, Granig Trading Limited issued 820,000 15% cumulative preference shares of €1.00 each to investors. Kedco Block Holding Limited entered into a call and put option deed with the investors to purchase the 15% cumulative preference shares of €1 each for cash which could be exercised on or after the 13 March 2008 but must be exercised on or before the 16 April 2008.

The put option was exercised in April 2008 and the Company purchased the 15% cumulative preference shares from the shareholders for a price equal to the amount paid up on the preference shares together with the arrears of any unpaid dividends paid in cash or shares in the Company

Cash consideration of €573,600 was repaid to the original shareholders and the remaining €246,400 was converted into ordinary share capital and share premium of the Company at a rate of 1 share for every €8.12 due. The option to convert to ordinary share capital of the Company was given at the time of the exercise of the option and did not exist prior to that date.

The preference shares are accounted for as a financial liability at amortised cost based on the nature of the instruments and their terms and conditions. The values of the equity portion of the preference shares represented by the conversion option and the put and call options were considered to be €nil on initial recognition and at 30 April 2007.

Available facilities

As at 30 June 2008, the Group had access to €253,400 under a loan agreement with LHZB which facility is being drawn down gradually and is available until 26 July 2009 (see note 23 (iii)).

24. Deferred income – government grants

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Non-current liabilities			
Deferred income – government grants	109,427	72,930	71,501

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Current liabilities			
Deferred income – government grants	36,333	36,334	24,431

Deferred income relating to government grants represent rural support service and EU structure fund co-financing received in 2004 and 2005 for the purchase of plant, property and equipment. The financing received has been recognised as deferred income and is transferred to the profit or loss over the useful lives of the related assets which are 5 and 11 years.

The amortisation of deferred income is offset against depreciation on the relevant assets within 'administrative expenses' in the income statement.

25. Finance lease liabilities

Finance lease liabilities relate to motor vehicles, equipment and plant and machinery. Lease terms vary from 3-5 years. The Group has options to purchase the related assets for a nominal amount at the conclusion of the lease agreements. The Group's obligations under finance leases are secured by lessors' title to the leased assets.

	Minimum lease payments		
	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
No later than 1 year	76,746	245,148	141,775
Later than 1 year and not later than 5 years	167,260	299,095	256,635
	244,006	544,243	398,410
Less future finance charges	(19,606)	(36,516)	(26,197)
Present value of minimum lease payments	224,400	507,727	372,213

	Present value of minimum lease payments		
No later than 1 year	69,113	231,382	129,204
Later than 1 year and not later than 5 years	155,287	276,345	243,009
Present value of minimum lease payments	224,400	507,727	372,213
Included in the financial information as:			
Current liabilities	69,113	231,382	129,204
Non-current liabilities	155,287	276,345	243,009

The fair value of finance lease liabilities is approximately equal to their carrying amount.

26. Trade and other payables

	At 30 April 2006 €	*At 30 April 2007* €	*At 30 June 2008* €
VAT payable	8,937	66,901	64,791
Trade payables	951,799	1,130,815	498,423
Other payables	5,360	6,564	—
Accruals	105,164	234,816	684,688
Corporation tax	—	5,475	—
Pension contributions	2,577	1,937	—
PAYE & social welfare	31,643	17,103	70,725
	1,105,480	1,463,611	1,318,627

The carrying amount of trade and other payables approximates fair value.

All trade and other payables fall due within one year.

27. Deferred tax liability

	At 30 April 2006 €	*At 30 April 2007* €	*At 30 June 2008* €
At the beginning of the period	—	80,891	60,298
Movement in deferred tax liability – charged/(credited) to income	80,891	(20,593)	20,562
At the end of the period	80,891	60,298	80,860

The deferred tax liability arises due to a temporary difference between the book value of property, plant and equipment compared to the tax base.

A deferred tax asset has not been recognised at the balance sheet date in respect of trading tax losses. Due to the history of past losses, the company has not recognised any deferred tax asset in respect of tax losses to be carried forward which are €5,000,000 at 30 June 2008.

28. Operating lease arrangements

Operating leases relate to office facilities with lease terms varying from 5 years to 25 years and a rent review every 5 years. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Operating lease charges	—	—	69,516

At the balance sheet date, the Group has commitments under non-cancellable operating leases which fall due as follows:

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Longer than 1 year and not longer than 5 years	200,000	160,000	120,000
Longer than 5 years	—	—	625,000

29. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

During the reporting period the Group received finance from its related parties. There were no further related party transactions other than the remuneration of key management.

Financing transactions

The following transactions have taken place with members of the Board:

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Amounts owed to directors:			
Investor loans (note 23)	—	1,200,000	963,555
Vudlande loan (note 23)	—	500,000	500,000

The amounts outstanding are unsecured and will be settled in cash.

The repayment in investor loans between 2007 and 2008 relates to loans converted into ordinary share capital as disclosed in note 23 (i).

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Amounts invested by directors:			
Share capital	576,000	144,000	131,106
Share premium	24,000	576,000	675,339

The directors have provided personal guarantees to Allied Irish Bank plc and Ulster Bank for bank loans, business credit line facilities and a stocking loan.

Key management remuneration

Key management personnel of Kedco Block Holdings Limited consists of the Board of Directors as they are responsible for planning, directing and controlling the activities of the Group.

The remuneration of directors during the periods presented was as follows:

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Short-term benefits	12,200	59,667	231,751

Short-term benefits comprise salaries for directors.

The Company and the Group are controlled by the Board of Directors.

Other related party transactions	*At 30 April 2006*	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Amounts owed to external investors:			
Investor loans (note 23)	—	550,000	—
Vudlande loan (note 23)	—	900,000	900,000

Finance costs recognised in the income statement in respect of loans from related parties amounted to:

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Investor loans	—	24,385	68,278
Vudlande loan	—	142,771	279,113
	—	167,156	347,391

30. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and bank overdrafts. Cash and cash equivalents at the end of the financial period as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

	At 30 April 2006	*At 30 April 2007*	*At 30 June 2008*
	€	€	€
Cash and bank balances	56,534	134,461	306,238
Bank overdrafts	(159,605)	(263,710)	(200,525)
	(103,071)	(129,249)	105,713

31. Contingent liabilities

Kedco Block Holdings Limited has guaranteed the liabilities (as defined in Section 5 (c) (ii) of the Companies (Amendment) Act 1986) of its wholly owned subsidiaries for the period ended 31 December 2007:

- Kedco Power Limited
- Granig Trading Limited
- Castle Home Supplies Limited
- Kedco Energy Limited

The Group operates in some jurisdictions where laws (including tax laws) and regulations are subject to rapid change. In addition, taxes in these jurisdictions are subject to review and investigation by a number of authorities, enabled by law to impose fines and penalties, which can be significant. While the directors believe that adequate provision has been made for all tax liabilities, based on its understanding of the tax legislation, nevertheless, the complexity of the Group's activities and portability of staff, allied to the above facts, may create additional tax risks for the Group. The directors consider the possibility of loss as being low and any potential liability they believe would not exceed €200,000.

32. Events after the balance sheet date

Subsequent to the period end, additional funds of €7,575,000 were raised from the issuance of 623,270 ordinary shares of €1 each. Of the total additional funds, €7,000,000 relates to an investment from Farmer Business Developments plc.

PART IV

ADDITIONAL INFORMATION

1. The Company

1.1. The Company was incorporated with limited liability in Ireland as a public limited company on 2 October 2008 under the Act with registered number 462861.

1.2. The Company's registered office and principal place of business is at Unit 6, Portgate Business Park, Monkstown, Co Cork, Ireland and its telephone number is +353 (0) 21 467 0421.

1.3. The principal legislation under which the Company operates are the Companies Acts. The liability of members is limited.

1.4. The accounting reference date of the Company is 30 June.

2. Share Capital

2.1. As at 19 October 2008 (being the latest practicable date prior to the publication of this document), the authorised, issued and fully paid share capital of the Company was:

Authorised share capital			*Issued and fully paid up share capital*	
€	*Number*		*€*	*Number*
100,000,000	10,000,000,000	Ordinary Shares of par value of €0.01 each	1,994,464.80	199,446,480
100,000,000	10,000,000,000	A Shares of par value of €0.01 each	991,179.52	99,117,952

2.2. Upon Admission, the authorised, issued and fully paid share capital of the Company will be:

Authorised share capital			*Issued and fully paid up share capital*	
€	*Number*		*€*	*Number*
100,000,000	10,000,000,000	Ordinary Shares of par value of €0.01 each	1,994,464.80	199,446,480
100,000,000	10,000,000,000	A Shares of par value of €0.01 each	991,179.52	99,117,952

2.3. On incorporation, the authorised share capital of the Company was €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.

2.4. 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.

2.5. On 14 October 2008 the members of the Company passed a number of special and ordinary resolutions.

2.5.1. The ordinary resolutions provide for:

(a) the subdivision of the Ordinary Shares so that each Ordinary Share has a nominal value of €0.01 each as opposed to the previous nominal value of €1.00 each;

(b) the creation of a new class of shares, namely 10,000,000,000 A Shares, in connection with the Long-Term Incentive Plan summarised in paragraph 9 below;

(c) the approval of the Long-Term Incentive Plan;

(d) the conversion and re-designation of 20 per cent. of the existing issued Ordinary Shares as A Shares;

(e) a new authority to allow the board of the Company pursuant to section 20 of the Companies (Amendment) Act 1983 to allot relevant securities of up to (i) the lesser of one third of the total number of issued Ordinary Shares in the Company (as at the date of Admission) and the number of authorised but unissued Ordinary Shares as at such date and (ii) up to the number of A Shares proposed to be issued in accordance with the Long-Term Incentive Plan being 49,256,332 A Shares. The authority is proposed to expire on the date of the next annual general meeting of the Company provided that the Company may make before such expiry an offer or agreement which would require such securities to be allotted after such expiry; and

(f) the approval of the allotment and issue of A Shares to certain directors of the Company pursuant to the Long-Term Incentive Plan.

2.5.2. The special resolutions provide for:

(a) the adoption of new Memorandum and Articles of Association by the Company to principally reflect the amendments to the Company's share capital in accordance with certain of the ordinary resolutions outlined above; and

(b) a new authority to allow the board of the Company to allot equity securities for cash without the need to comply with the statutory pre-emption rights as set out in section 23 of the Companies (Amendment) Act 1983. However, the dis-application of the statutory pre-emption rights will be limited to (i) allotments made of up to the maximum number of A Shares proposed to be issued in accordance with the Long-Term Incentive Plan being 49,256,332 A Shares and (ii) allotments made of up to 5 per cent. of the total number of issued Ordinary Shares in the Company (as at the date of Admission).

2.6. 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.

2.7. On 16 October 2008, the Company allotted and issued 49,256,332 A Shares to key employees of the Company pursuant to the LTIP.

2.8. Save as disclosed in paragraphs 2.4 and 2.7, since the date of the Company's incorporation:

2.8.1. no share or loan capital of the Company has been issued or been agreed to be issued or has been proposed to be issued, whether fully or partly paid, either for cash or for a consideration other than cash and no person has been given an undertaking by the Company to increase its authorised share capital; and

2.8.2. the Company has not granted any options, warrants or convertible loan notes over its shares or loan capital which remain outstanding and has not agreed, conditionally or unconditionally, to grant any such options, warrants or convertible loan notes.

2.9. The ISIN for the Ordinary Shares to be admitted to trading on AIM is IE00B3DKXJ73.

3. Directors' and other interests

3.1. The interests of each of the Directors in the share capital of the Company (all of which are beneficial), including the interests of any person connected with any Director and the existence of which is known to such Director or could with reasonable diligence be ascertained by him as at 19 October 2008 (being the last date practicable prior to the publication of this document) are and upon Admission will be, as follows:

	As at 19 October 2008 (being the last date practicable prior to the publication of this document) and upon Admission			
Director	*Number of Ordinary Shares of €0.01 each*	*Number of A Shares of €0.01 each*	*% of Ordinary Shares of €0.01 each*	*% of A Shares of €0.01 each*
Diarmuid Sean Lynch	20,087,520	5,021,880	10.1%	5.1%
William Paul Kingston	16,376,400	4,094,100	8.2%	4.1%
Sinead Buckley*	16,068,960	4,017,240	8.1%	4.1%
Edward Barrett	12,320,000	3,080,000	6.2%	3.1%
Michael Gerard Madden	—	14,926,161	—	15.1%
Donal James Buckley	—	11,881,228	—	12.0%
Donal O'Sullivan	—	2,238,924	—	2.3%
Alf Smiddy	—	1,492,616	—	1.5%

* The beneficial interest held by Sinead Buckley in shares of the Company is disclosed as she is the spouse of Donal James Buckley, a director of the Company.

3.2. Neither the Directors nor any members of their families hold any related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

3.3. In accordance with the Lock-in Agreements, the Directors have agreed not to dispose of their securities for a period of one year from the date of Admission.

3.4. Save as disclosed in paragraph 3.2, none of the Directors will have any interest in the share capital or loan capital of the Company immediately following Admission nor will any person connected with the Directors have any such interest, whether beneficial or non-beneficial.

3.5. Save as disclosed in this document, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which has been effected by the Company since its incorporation and remains in any respect outstanding or unperformed.

3.6. No loans have been made or guarantees granted or provided by the Company to or for the benefit of any Director.

3.7. As at 19 October 2008 (being the last date practicable prior to the publication of this document), the following persons, directly or indirectly, had and upon Admission will have an interest representing 3 per cent. or more in the existing share capital of the Company:

	As at 19 October 2008 (being the last date practicable prior to the publication of this document)		*Immediately following Admission*	
Shareholder	*Number of Ordinary Shares of €0.01 each*	*% of Ordinary Shares of €0.01 each*	*Number of Ordinary Shares of €0.01 each*	*% of Ordinary Shares of €0.01 each*
Farmer Business Development plc	49,861,600	25.0%	49,861,600	25.0%
Diarmuid Sean Lynch	20,087,520	10.1%	20,087,520	10.1%
William Paul Kingston	16,376,400	8.2%	16,376,400	8.2%
Sinead Buckley	16,068,960	8.1%	16,068,960	8.1%
Edward Barrett	12,320,000	6.2%	12,320,000	6.2%
Brendan Halpin	8,271,120	4.1%	8,271,120	4.1%

3.8. Save as disclosed in this document, the Directors are not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

3.9. The Company's Ordinary Shareholders listed in paragraphs 3.1 and 3.8 do not have different voting rights to other holders of Ordinary Shares.

3.10. The Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

3.11. Other than directorships of the Company and its subsidiary undertakings, the Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

Name	*Current directorships and partnerships*	*Past directorships and partnerships*
William Kingston	Saivnose Company Limited (Company Number 368139) Platinum Asset Management Limited (Company number 414738)	None in last 5 years
Donal Buckley	MyGuideTravel Limited (Company Number 293063)	None in last 5 years
Gerard Madden	Ecom Interaction Services Limited (Company number 349236) Financial Life Planning Limited (Company Number 330494) Sareo Healthcare Limited (Company Number 298216) MediaSatellite Ireland Limited (Company Number 300584)	O'Flynn's Centra Limerick Limited (Company Number 342255)
Edward Barrett	International Livestock Genetics Limited (Company Number 205576)	Irish Holstein Friesian Association Limited (Company Number 281268)
Diarmuid Lynch	None	None in last 5 years
Donal O'Sullivan	None	Hoyer Ireland Limited (Company Number 83881)
Alf Smiddy	Beamish and Crawford Public Limited Company (Company Number 2616) Rotivres Limited (Company Number 74167) Brewing and Dublin Vintners Investment Co. Public Limited Company (Company Number 178351) Beamish and Crawford Pension Fund Trustee Company Limited (Company Number 202187) MyGuideTravel Limited (Company Number 293063) Cumann Trachtala Corcaighe (The Cork Chamber of Commerce, Company Number 13918) Plato Ireland Network Limited (Company Number 316231) Mature Enjoyment of Alcohol in Society Limited (Company Number 360798) Cork Airport Authority Public Limited Company (Company Number 391047)	None in last 5 years

3.12. Save as disclosed in paragraph 3.13 of this document none of the Directors has:

3.12.1. any unspent convictions in relation to indictable offences;

3.12.2. had any bankruptcy order made against him or entered into any voluntary arrangements;

3.12.3. been a director of a company which has been placed in receivership, compulsory liquidation or administration, or been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors, whilst he was a director of that company or within 12 months after he had ceased to be a director of that company;

3.12.4. been a partner in any partnership with has been placed in compulsory liquidation or administration, or been the subject of a partnership voluntary arrangement, whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

3.12.5. been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

3.12.6. been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

3.12.7. been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

3.13 Gerry Madden is currently a director of Sareo Healthcare Limited, a company registered in Ireland with company number 298216 in respect of which a liquidator was appointed by the members, with the creditors' consent, on 27 August 2003, and of MediaSatellite Ireland Limited, a company registered in Ireland with company number 300584 in respect of which a liquidator was appointed by the members, with the creditors' consent, on 2 April 2008.

3.14. **Executive Directors' service contracts and Non-Executive Directors' contracts for service**

3.14.1. **Donal James Buckley**

Donal Buckley is employed by the Group as Chief Executive Officer. The term of service commenced on 1 May 2005 and will continue from 19 October 2008, for an indefinite term (subject to termination for notice or cause). The minimum gross salary is €204,000 subject to annual review by the Board. The executive is also entitled to reasonable business expenses and a bonus to be determined by the Board. Either party may terminate the service contract on three months notice provided that where the Company terminates the agreement (without cause), the employee is entitled to payment of an amount equal to one year's total remuneration (applicable at the time of termination). The Company can terminate immediately on payment in lieu of notice. The agreement also provides for termination by the Group on other grounds including inability to carry out duties and termination for cause. The agreement contains restrictive covenants applicable for six months following termination.

3.14.2. **Michael Gerard Madden**

Gerry Madden is employed by the Group as Finance Director. The term of service commenced on 19 October 2008 and will continue from such date for an indefinite term (subject to termination for notice or cause). The minimum gross salary is €250,000. The executive is also entitled to reasonable business expenses necessarily and properly incurred, and a bonus to be determined by the Board. Either party may terminate the service contract on three months notice provided that where the Company terminates the agreement (without cause), the employee is entitled to payment of an amount equal to one year's total remuneration (applicable at the time of termination). The Company can terminate immediately on payment in lieu of notice. The agreement also provides for termination by the Group on other grounds including inability to carry out duties and termination for cause. The agreement contains restrictive covenants applicable for six months following termination.

3.14.3. **William Paul Kingston**

With effect from 9 October 2008, Mr William Paul Kingston, non-executive director and chairman of the Company, receives a director's fee of €24,000 per annum from the Company. The notice period in respect of Mr Kingston's appointment by the Company is three months. Mr Kingston has also been a non-executive director and chairman of the board of directors of Kedco Block Holdings Limited, a subsidiary of the Company, since 14 March 2005.

3.14.4. **Edward Barrett**

With effect from 9 October 2008, Mr Edward Barrett, a non-executive director of the Company, receives a director's fee of €12,000 per annum from the Company. The notice period in respect of Mr Barrett's appointment by the Company is three months. Mr Barrett has also been a non-executive director of Kedco Block Holdings Limited, a subsidiary of the Company, since 14 March 2005.

3.14.5. **Diarmuid Sean Lynch**

With effect from 9 October 2008, Mr Diarmuid Lynch, a non-executive director of the Company, receives a director's fee of €12,000 per annum from the Company. The notice period in respect of Mr Lynch's appointment by the Company is three months. Mr Lynch has also been a non-executive director of Kedco Block Holdings Limited, a subsidiary of the Company, since 14 March 2005.

3.14.6. **Donal O'Sullivan**

With effect from 9 October 2008, Mr Donal O'Sullivan, a non-executive director of the Company, receives a director's fee of €12,000 per annum from the Company. The notice period in respect of Mr O'Sullivan's appointment by the Company is three months. Mr O'Sullivan has also been a non-executive director of Kedco Block Holdings Limited, a subsidiary of the Company, since 20 July 2005.

3.14.7. **Alf Smiddy**

With effect from 9 October 2008, Mr Alf Smiddy, a non-executive director of the Company, receives a director's fee of €12,000 per annum from the Company. The notice period in respect of Mr Smiddy's appointment by the Company is three months. Mr Smiddy has also been a non-executive director of Kedco Block Holdings Limited, a subsidiary of the Company, since 16 May 2004.

4. Subsidiary undertakings

4.1. The Company currently has 12 subsidiary undertakings details of which are set out below:

Company	*Registered office*	*Country of incorporation and company number*	*Shareholder*	*Proportion of ownership interest/voting power*
Kedco Block Holdings Limited	Unit 6, Portgate Business Park, Monkstown, Co. Cork, Ireland	Ireland, No. 399166	Kedco Plc	100%
Kedco Power Limited	Unit 6, Portgate Business Park, Monkstown, Co. Cork, Ireland	Ireland, No. 433698	Kedco Block Holdings Limited	100%
Kedco Energy Limited	Unit 6, Portgate Business Park, Monkstown, Co. Cork, Ireland	Ireland, No. 419289	Kedco Block Holdings Limited	100%
Castle Home Supplies Limited	Unit 6, Portgate Business Park, Monkstown, Co. Cork, Ireland	Ireland, No. 399470	Kedco Block Holdings Limited	100%
Grandig Trading Limited	Unit 6, Portgate Business Park, Monkstown, Co. Cork, Ireland	Ireland, No. 405001	Kedco Block Holdings Limited	100%
Best Kedco Limited	Acton House, Poyntzpass, Newry, Co. Down, Ireland	Northern Ireland, No. 070316	Kedco Power Limited	51%
			Carnmeen Enterprises Limited	49%
Kedco Block Limited	788-790 Finchley Road, London, NW11 7TJ	England and Wales, No. 007015272	Kedco Block Holdings Limited	100%
SIA Vudlande	Valka rajons, Launkalnes pagastas, "Lejasupītes" LV-4718, Latvia	Latvia, No. 54103005451	Kedco Block Limited	80% (held under trust deed with the Company)
			Māris Zālītis	20%
Kedco Investment Co.1 Limited	Unit 6, Portgate Business Park, Monkstown, Co. Cork, Ireland	Ireland, No. 444001	Kedco Block Holdings Limited	100%
WWT Kedco Limited	Unit 6, Portgate Business Park, Monkstown, Co. Cork, Ireland	Ireland, No. 439190	Kedco Block Holdings Limited	50%
			WWT for Small Business GMBH	50%
Ardstown Investments Limited	Unit 6, Portgate Business Park, Monkstown, Co. Cork, Ireland	Ireland, No. 455377	Kedco Block Holdings Limited	100%
Kedco Group Holdings USA Inc	2711 Centreville Road, Suite 400, Wilmington, County of New Castle 19808, Delaware, USA	State of Delaware	Kedco Block Holdings Limited	100%

4.2. Save as disclosed in paragraph 4.1, no person has any rights over the capital of any of the subsidiary undertakings of the Company and neither the Company nor any such subsidiary undertaking has agreed conditionally or unconditionally to grant any option over the share capital of any such subsidiary undertaking.

5. Memorandum and articles of association

The following is a summary of the Company's Memorandum and Articles of Association.

Memorandum of Association

5.1. Clause 3 of the Memorandum of Association of the Company provides that the objects for which the Company is established include: "To acquire the entire issued share capital of Kedco Block Holdings Limited (registered number 399166) and to carry on the business of a holding company and to acquire and hold controlling and other interests in the share or loan capital of any company or companies and to co-ordinate the administration, finances and activities of the subsidiary companies of the Company, to do all lawful acts and things whatever that are necessary or convenient in carrying on the business of such a holding company and in particular to carry on in all its branches the business of a management and servicing company, to act as manager and to direct or co-ordinate the management of other companies or of the business, property and estates of corporations, private persons or companies and to undertake and carry out all such services in connection therewith as may be deemed expedient and to exercise its powers as a controlling shareholder of other companies".

Articles of Association

The current Articles, which were adopted on 14 October 2008, include the following material provisions:

5.2. Issuing shares

5.2.1. Subject to the provisions of the Irish Companies Acts, and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.

5.2.2. Subject to the Articles and to the Irish Companies Acts, the Company may issue any shares which are to be redeemed, or which at the option of the Company or the holder are liable to be redeemed.

5.2.3. Subject to the Articles and to the Irish Companies Acts, the unissued shares of the Company (whether forming part of the original or any increased capital) are at the disposal of the board.

Ordinary Shares

5.2.4. The holders of Ordinary Shares shall, by virtue of and in respect of their holdings of Ordinary Shares, have the right to receive notice of, attend, speak and vote at general meetings of the Company.

5.2.5. The Ordinary Shares shall entitle the holders thereof to participate in the profits or assets of the Company (by way of payment of any dividends, on a winding-up or otherwise).

A Shares

5.2.6. The A Shares shall not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of the Company.

5.2.7. The A Shares, shall, (other than upon a winding-up) not entitle the holders thereof to participate in the profits or assets of the Company (by way of payment of any dividends or otherwise).

5.2.8. The A Shares shall entitle the holders thereof to participate *pari passu* with holders of the Ordinary Shares in the profits or assets of the Company on a winding-up, up to an amount being the amount of the par value paid up in respect of such A Shares.

5.2.9. The Directors may, in their absolute discretion, at the time of the allotment of any A Shares, determine that such A Shares shall be converted into and redesignated as Ordinary Shares upon the satisfaction of certain terms and conditions and may impose such other restrictions on such A Shares as they may in their absolute discretion deem fit.

5.2.10. Upon the occurrence of certain events as follows:

(a) written notice being sent by the Board (or a duly authorised committee of the Board) to each relevant holder of A Shares confirming that one or more of the Re-designation Conditions have been satisfied, such Re-designation Conditions being:

(i) the auditors of the Company having certified that the audited accounts of the Company, for any financial year ending on or prior to 30 June 2011, confirm that the Company has, in respect of such financial year, achieved EBITDA of at least €14,000,000; or

(ii) the auditors of the Company having certified that the audited accounts of the Company, for any financial year ending on or prior to 30 June 2011, confirm that the Company has, in respect of such financial year, achieved EBITDA of at least €7,000,000 (provided always that, notwithstanding the earlier achievement by the Company of the EBITDA target referred to above in this paragraph (a), this condition shall not be deemed to have been satisfied, and conversion shall not therefore occur, prior to 30 June 2011); or

(iii) the auditors of the Company having certified that the audited accounts of the Company, for the financial year ending on 30 June 2011 and for the financial year ending on 30 June 2012, confirm that the Company has, in respect of such financial years, achieving EBITDA of at least €14,000,000 in aggregate; (together the "Targets") or

(b) any of the following events taking place:

(i) a binding offer being made by any person or company for the acquisition of the legal and/or beneficial ownership of Ordinary Shares which, when completed, will result in such person or company being the legal and/or beneficial owner of more than fifty per cent. (50%) of the issued Ordinary Shares in the Company (taking the A Shares as having been converted into Ordinary Shares) and such offer being accepted and becoming unconditional in all respects (save for a condition relating to the conversion of Shares pursuant to these Articles); or

(ii) the completion of the allotment of such number of Ordinary Shares which, when completed, will result in the legal and/or beneficial ownership of more than fifty per cent. (50%) of the issued Ordinary Shares in the Company being held by a single person or company (a "Relevant Placing"); or

(iii) an order being delivered by a Court approving and ratifying a scheme, which has been approved by the members of the Company, for the amalgamation, merger or consolidation of the Company with or into another company immediately following which the shareholders in the Company would cease to hold more than fifty per cent (50%) of the issued Ordinary Shares in the Company or fifty per cent (50%) of the shares in the surviving company;

(iv) a binding offer being made by any person or company to acquire assets representing ninety per cent. (90%) or more of the assets of the Company and such offer being accepted and becoming unconditional in all respects;

each A Share shall have the restrictions applying to it removed and shall be automatically deemed converted into and re-designated as an Ordinary Share, without the requirement for any approval thereof by the board of Directors or any holders in the share capital of the Company (provided always that in the case of a Relevant Placing, each A Share shall be automatically deemed to have been converted into and re-designated as an Ordinary Share immediately prior to the completion of the allotment of the Ordinary Shares).

5.2.11. On a conversion and re-designation of any A Shares into Ordinary Shares all appropriate adjustments shall be made to the share capital and capital reserves including the capitalisation of any amount standing to the credit of the share premium account to give effect to such conversion without the requirement of any approval by the board of directors or any shareholders of the Company.

Redeemable Shares

5.2.12. Subject to the provisions of the Acts (and the provisions of the Articles summarised in paragraph 5.2.13 below), any shares may be issued on the terms that they are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company may by special resolution determine. In addition and subject as aforesaid, the Company is authorised to redeem (on such terms as may be contained in, or be determined pursuant to the provisions of, the articles of association or a special resolution of the Company) any of its shares which have been converted into redeemable shares. Subject as aforesaid, the Company may cancel any shares so redeemed or may hold them as treasury shares and re-issue such treasury shares as shares of any class or classes or cancel them.

5.2.13. Subject to the provisions of the Irish Companies Acts, the A Shares may be redeemed by the Company:

(a) on such terms and in such manner as the Directors may, in their absolute discretion, determine and specify at the time of the allotment and issue of such A Shares; and/or

(b) (at any time after 30 June 2012) at the par value thereof (and only if specifically agreed in writing with the relevant holder of A Shares, any premium paid thereon) upon the issue by the auditors of the Company of a written notice confirming that none of the Targets have been satisfied;

unless the Company determines otherwise by special resolution.

5.3. Variation of rights

5.3.1. Whenever the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class, and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. The quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question and the quorum at an adjourned meeting shall be one person holding shares of the class in question or his proxy.

5.3.2. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the articles of association or the terms of the issue of the shares of that class, be deemed to be varied by a purchase or redemption by the Company of its own shares or by the creation or issue of further shares ranking *pari passu* therewith or subordinate thereto.

5.4. Trusts not recognised

5.4.1. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by the articles of association or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the holder: this shall not preclude the Company from requiring the members or a transferee of shares to furnish the Company with information as to the beneficial ownership of any share when such information is reasonably required by the Company.

5.5. Allotment of shares

5.5.1. Subject to the provisions of the Acts relating to authority, pre-emption or otherwise in regard to the issue of, or the grant of options over, or other rights to subscribe for, new shares and of any resolution of the Company in general meeting passed pursuant thereto, all unissued shares (including treasury shares) for the time being in the capital of the Company shall be at the disposal of the directors and (subject to the provisions of the Acts) they may allot, grant options over or otherwise dispose of them to such persons on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its shareholders, but so that no share shall be issued at a discount and so that, in the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than one-quarter of the nominal amount of the share and the whole of any premium thereon.

5.5.2. Without prejudice to the generality of the powers conferred on the directors by the other paragraphs of this article, the directors may grant from time to time options to subscribe for the unallotted shares in the capital of the Company to persons in the service or employment of the Company or any subsidiary or associated company of the Company (including directors holding executive offices) on such terms and subject to such conditions as may be approved from time to time by the directors or by any committee thereof appointed by the directors for the purpose of such approval.

5.5.3. The Company may issue warrants to subscribe (by whatever name they are called) to any person to whom the Company has granted the right to subscribe for shares in the Company (other than under a share option scheme for employees) certifying the right of the registered holder thereof to subscribe for shares in the Company upon such terms and conditions as the right may have been granted.

5.5.4. Where the directors are authorised to allot relevant securities in accordance with Section 20 of the Companies (Amendment) Act, 1983, the Company may at any time and from time to time resolve by a special resolution referring to article 8(d) of the articles of association that the directors be empowered pursuant to Section 24 of the Companies (Amendment) Act, 1983 to allot equity securities (as defined by Section 23 of that Act) for cash pursuant to their authority to allot relevant securities as if sub-section (1) of the said Section 23 did not apply to any such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with any rights issue in favour of Ordinary Shareholders (other than those holders with registered addresses outside the State to whom an offer would, in the opinion of the directors, be impractical or unlawful in any jurisdiction) and/or any persons having a right to subscribe for or convert securities into Ordinary Shares in the capital of the Company (including without limitation any holders of options under any of the Company's share option schemes for the time being) where the equity securities respectively attributable to the interests of such Ordinary Shareholders or such persons are proportionate (as nearly as maybe) to the respective number of Ordinary Shares held by them or for which they are entitled to subscribe or convert into subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any regulatory requirements, legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise; and

(b) the allotment of equity securities (other than pursuant to any such issue as referred to in paragraph (i) above) up to the maximum aggregate nominal value specified in such special resolution;

and such power (unless otherwise specified in such special resolution or varied or abrogated by special resolution passed at an intervening extraordinary general meeting) shall expire at the earlier of the close of business on the date of the next annual general meeting of the Company after the passing of such special resolution or the day which is 18 calendar months after the date of passing of such special resolution, provided that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.

5.6. Extent of Lien

5.6.1. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The directors, at any time, may declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a share shall extend to all moneys payable in respect of it.

5.7. Transfer of shares

5.7.1. Subject to the restrictions of the Articles and to such conditions of issue as may be applicable, the shares of any member may be transferred by instrument in writing in any usual or common form or any other form which the Directors may approve. The Directors in their absolute discretion and without assigning any reason therefor may decline to register any transfer of a share which is not fully paid or any transfer to or by, a minor or person of unsound mind but this shall not apply to a transfer of such a share resulting from a sale of the share through a stock exchange on which the share is listed. The Directors may decline to recognise any instrument of transfer unless:

(a) the instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of one class of share only;

(c) the instrument of transfer is in favour of not more than four transferees; and

(d) it is lodged at the registered office or at such other place as the Directors may appoint.

5.7.2. The Directors may decline to register any transfer of shares in certified form only in such circumstances as may be permitted by the 1996 Regulations.

5.7.3. The Directors may decline to register a transfer of a share where transfer of such share is restricted by agreement between the relevant shareholder and the Company.

5.8. Variation of share capital

5.8.1. The Company may, from time to time by ordinary resolution, increase its share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

5.8.2. The Company, by ordinary resolution may:

(a) consolidate and divide all or any of its share capital into shares of larger amounts; or

(b) subject to the provisions of the Irish Companies Acts, subdivide its shares, or any of them, into shares of smaller amounts; or

(c) cancel any shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the shares so cancelled.

5.8.3. Subject to the Irish Companies Acts, the Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account.

5.8.4. The rights attached to any class may be varied or abrogated with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

5.9. Purchase of own shares

5.9.1. Subject to and in accordance with the provisions of the Acts and without prejudice to any relevant special rights attached to any class of shares, the Company may purchase any of its own shares of any class (including redeemable shares) at any price (whether at par or above or below par), and so that any shares to be so purchased may be selected in any manner whatsoever and cancelled or held by the Company as treasury shares. The Company shall not make a purchase of shares in the Company unless the purchase has first been authorised by a special resolution of the Company and by a special resolution passed at a separate general meeting of the holders of each class of shares or a resolution passed by a majority representing three-fourths of the voters at a separate general meeting of the holders of the Company's loan stock (if any), which, at the date on which the purchase is authorised by the Company in general meeting, entitle them, either immediately or at any time subsequently, to convert all or any of the shares or loan stock of that class held by them into equity share capital of the Company.

5.10. Dividends and other distributions

5.10.1. Subject to the provisions of the Companies Acts, the Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors.

5.10.2. Subject to the provisions of the Companies Acts, the board may pay interim dividends if it appears to the board that they are justified by the profits of the Company available for distribution. If the board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights. No dividend or other monies payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

5.10.3. There are no fixed dates on which entitlements to dividends on the Ordinary Shares arises.

5.10.4. A general meeting declaring a dividend may, on the recommendation of the board by ordinary resolution direct that payment of any dividend be satisfied wholly or partly by the distribution of assets, including without limitation paid up shares or debentures of any body corporate.

5.10.5. The board may, if authorised by an ordinary resolution of the Company, offer any holder of shares (other than a holder of treasury shares) the right to elect to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the board) of all or any dividend specified by that resolution).

5.11. General Meetings

5.11.1. All general meetings shall be held in Ireland and a general meeting shall only be deemed to be held in Ireland where each of the members attending that general meeting is present in Ireland in person or by proxy. The board may call general meetings whenever and at such times and places in Ireland as it shall determine, although no business shall be transacted at any general meeting or annual general meeting unless a quorum is present.

5.12. Voting rights

5.12.1. Votes may be given either personally or by proxy. Subject to rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, every member present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a poll, every member shall have one vote for every share carrying voting rights of which he is the holder.

5.13. Distribution of assets on liquidation

5.13.1. If on a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, then the excess shall be distributed among the members in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the shares held by them respectively, provided that this shall not affect the rights of the holders of shares issued upon special terms and conditions.

5.14. Unclaimed dividends

5.14.1. If the Directors so resolve, any dividend which has remained unclaimed for twelve years from the date of its declaration shall be forfeited in favour of the Company and cease to remain owing by the Company. Any dividend which remains unclaimed for one year after having been declared may be invested or otherwise made use of by the

Directors for the benefit of the Company until claimed. The payment by the Directors of any unclaimed dividend or other monies payable in respect of a share into a separate account shall not make the Company trustee in respect of the payments.

5.15. Untraced shareholders

5.15.1. The Company may sell at the best price reasonably obtainable any share of a holder, or any share to which a person is entitled by, transmission if and provided that:

(a) for a period of twelve years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the holder or to the person entitled by transmission to the share at his address on the Register or at the last known address given by the holder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the holder or the person entitled by entitled by transmission (provided that during such twelve year period at least three dividends shall have become payable in respect of such share);

(b) at the expiration of the said period of twelve years by advertisement in a national daily newspaper published in Ireland (and a national daily newspaper published in the United Kingdom) and in a newspaper circulating in the area in which the address referred to in paragraph 5.15.1(a) above is located the Company has given notice of its intention to sell such share;

(c) during the further period of three months after the date of the advertisement and prior to the exercise of the power of sale the Company has not received any communication from the holder or person entitled by transmission; and

(d) the Company has first given notice in writing to the Irish Stock Exchange and the London Stock Exchange of its intention to sell such shares.

5.16. Directors

5.16.1. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be more than ten nor less than two.

5.16.2. At every annual general meeting of the Company, as nearly as possible one-third of the directors, but at least one, will retire by rotation. The Directors to retire will be those who wish to retire and not be reappointed to office and then those who have been longest in office. Any director who has at the start of the annual general meeting been in office for more than three years since his last appointment or re-appointment shall retire at the annual general meeting. As between those who were appointed or re-appointed on the same day, those to retire will be (unless they otherwise agree) determined by lot. A retiring director shall be eligible for re-election.

5.16.3. The emoluments of any Director holding executive office for his services as such shall be determined by the board, and may be of any description.

5.16.4. The ordinary remuneration of the Directors who do not hold executive office for their services (excluding amounts payable under any other provision of the Articles) shall not exceed in aggregate €120,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Subject thereto, each such director shall be paid a fee for their services (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the board. In addition, any director who does not hold executive office and who performs services, which in the opinion of the board are outside the scope of the ordinary duties of a director, may be paid such extra remuneration as the board may determine.

5.16.5. In addition to any remuneration to which the Directors are entitled under the Articles, they may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the board or committees of the board, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

5.16.6. The Board may provide benefits, whether by the payment of gratuities or pensions, insurance or otherwise, for any past or present director or employee of the Company or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any members of his family or any person who is or was dependent on him.

5.16.7. Any director who holds an executive office (including for this purpose the office of Chairman or Deputy Chairman) or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

5.16.8. The Directors may provide benefits, whether by way of pensions gratuities, or otherwise for any Director, former Director or other officer or former officer of the Company, or to any person who holds or has held any employment with the Company or with any, body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary and to any member of his family or any person who is or was dependent on him and may set up, establish, support, alter, maintain and continue any scheme for providing all or any of such benefits and for such purposes any Director accordingly may be, become or remain a member of, or rejoin, any scheme and receive and retain for his own benefit all benefits to which he may be or become entitled thereunder. The Directors may pay out of the funds of the Company any premiums, contributions or sums payable by the Company under the provisions of any such scheme in respect of any of the persons or class of persons above referred to who are or may be or become members thereof.

5.16.9. Subject to the provisions of the Irish Companies Acts and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director, notwithstanding his office:

(a) may be party to or otherwise interested in, any transaction or arrangement with the Company or any subsidiary or associated company, thereof or in which the Company or any subsidiary or associated company, thereof is otherwise interested;

(b) may, be a director or other officer of or employed by or a party to any transaction or arrangement with or otherwise interested in, any body corporate promoted by the Company, or in which the Company or any subsidiary or associated company thereof is otherwise interested; and

(c) shall not be accountable, by reason of his office, to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any, such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

5.16.10. Save as otherwise provided by the Articles, a Director shall not vote at a meeting of the Directors or committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest which (together with any interest of any person connected (within the meaning of Section 26 of the 1990 Act) with him) is material or a duty, which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote.

5.16.11. A Director shall be entitled (in the absence of some other material interest than is indicated below) to vote (and be counted in the quorum) in respect of any resolutions concerning any of the following matters, namely:

(a) the giving of any security, guarantee or indemnity to him in respect of money lent by him or any other person to the Company or any of its subsidiary or associated companies, or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary or associated companies;

(b) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary or associated companies for which he himself has assumed responsibility, in whole or in part and whether alone or jointly with others, under a guarantee or an indemnity or by the giving of a security;

(c) any proposal concerning any offer of shares or debentures or other securities of or by the Company or any of its subsidiaries or associated companies for subscription, purchase or exchange in which offer he is or may be entitled to participate as a holder of securities or he is or is to be interested as, a participant in the underwriting or sub underwriting thereof;

(d) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer, shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in 1% or more of the issued shares of any class of the equity share capital of such company or of the voting rights available to members of such company (or of a third company through which his interest is derived) (any such interest being deemed to be a material interest in all circumstances);

(e) any proposal concerning the adoption modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval for taxation purposes by the appropriate Revenue authorities;

(f) any proposal concerning the adoption, modification or operation of any scheme for enabling employees (including full time executive Directors) of the Company and/or any subsidiary thereof to acquire shares in the Company or any arrangement for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits or may benefit; or

(g) any proposal concerning the giving of any indemnity of the type referred to in "Indemnity of officers" below or the discharge of the cost of any insurance cover which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons (including directors) pursuant to the Articles.

5.16.12. The Company, by ordinary resolution, may remove any Director before the expiry of his period of office notwithstanding anything in the Articles or in any agreement between the Company and such Director. This does not prevent such a person from claiming compensation or damages in respect of the termination.

5.17. Borrowing powers

5.17.1. The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property, assets, and uncalled capital or any part thereof and, subject to Part III of the 1983 Act, to issue debentures, debenture stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party, without any limitation as to amount.

5.18. Indemnity of officers

5.18.1. Subject to the provisions of, and so far as may be permitted by the Irish Companies Acts, every Director, Managing Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending civil or criminal proceedings which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgement is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

5.19. Suspension Rights

5.19.1. If at any time the directors are satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under Section 81 of the 1990 Act (a "Section 81 notice") and is in default for the prescribed period (as defined in sub-paragraph(f)(ii) of article 7 of the articles of association) in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the directors may, in their absolute discretion at any time thereafter by notice (a "direction notice") to such member direct that:

(a) in respect of the shares in relation to which the default occurred (the "default shares") the member shall not be entitled to attend or to vote at a general meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company;

(b) where the nominal value of the default shares represents at least 0.25% of the nominal value of the issued shares of the class concerned, then the direction notice may additionally direct that:

(i) except in a liquidation of the Company, no payment shall be made of any sums due from the Company on the default shares, whether in respect of capital or dividend or otherwise, and the Company shall not have any liability to pay interest on any such payment when it is finally paid to the member (but this provision shall apply only to the extent permitted from time to time by the Listing Rules of the London Stock Exchange relating to AIM);

(ii) no other distribution shall be made on the default shares;

(iii) no transfer of any of the default shares held by such member shall be registered unless:

A. the member is not himself in default as regards supplying the information requested and the transfer when presented for registration is accompanied by a certificate by the member in such form as the directors may in their absolute discretion require to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer; or

B. the transfer is an approved transfer (as defined in sub-paragraph(f)(iii) of article 7 of the articles of association).

5.19.2. The Company shall send to each other person appearing to be interested in the shares the subject of any direction notice a copy of the notice, but the failure or omission by the Company to do so shall not invalidate such notice.

5.20. General

5.20.1. There is nothing in the Articles which would have an effect of delaying, deferring or preventing a change of control in the Company.

5.20.2. There are no conditions in the Articles governing changes in capital which are more stringent than any condition required by law.

6. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group within the two years immediately preceding the date of this document and are, or may be, material, or have been entered into by the Group and contain provisions under which the Group has an obligation or entitlement which is material to the Group:

Material contracts relating to the Admission:

6.1. *Engagement letter between the Company and Deloitte Corporate Finance*

Pursuant to a nominated adviser agreement dated 5 September 2008 between the Company and Deloitte Corporate Finance, Deloitte Corporate Finance was appointed as nominated adviser to the Company for the purposes of the AIM Rules. This agreement is terminable on 30 days' notice by either party. The agreement provides, *inter alia*, that the Company gives various undertakings and covenants to Deloitte Corporate Finance in respect of compliance with the AIM Rules and provides for Deloitte Corporate Finance to be retained on an annual basis for its service.

6.2. *Engagement letter between the Company and its broker, Lewis Charles*

On 7 October 2008 the Company and Lewis Charles entered into a broker engagement letter, pursuant to the terms of which, the Company has appointed Lewis Charles to provide corporate and broking associated financial advice relating to the Admission, as well as an ongoing basis from 12 months after Admission. In consideration for its services after Admission, the Company has agreed to pay Lewis Charles a management and selling commission of 5 per cent. of the gross proceeds of any future placement of Ordinary Shares and an annual retainer in respect of its services.

6.3. *Warranty agreement between the Company, certain Directors and the Company's nominated adviser, Deloitte Corporate Finance*

The Company and two of its directors, being Donal Buckley and Gerry Madden, entered into a warranty agreement with Deloitte Corporate Finance on 19 October 2008 pursuant to which certain standard warranties concerning the Group and its business were provided to Deloitte Corporate Finance in consideration for it providing its services as nominated AIM adviser to the Company.

6.4. *Lock-in deeds between the Company and its Nomad, Deloitte Corporate Finance, and certain directors and shareholders of the Company*

Each of the directors of the Company that hold any legal or beneficial interest in the shares of the Company, along with two significant shareholders of the Company, being Farmer Business Developments plc and Sinead Buckley (the "Covenantors") have entered into a lock-in deed with Deloitte Corporate Finance and the Company on 19 October 2008 pursuant to which they have covenanted not to dispose of their interest any shares of the Company for a period of one year from the date of Admission (the "Relevant Period").

In addition, for a period of 12 months from the expiry of the Relevant Period, the Covenantors have also agreed not deal in any shares in the Company save through the Company's broker.

Other material contracts:

6.5. *Share Transfer and Exchange Agreement between Kedco Plc and various others (being the then members of Kedco Block Holdings Limited) dated 13 October 2008*

On 13 October 2008, the Company entered into a share transfer and exchange agreement with each of the then shareholders of KBHL pursuant to which the Company acquired the entire issued share capital of KBHL in consideration for the allotment and issue of one Ordinary Share of €1.00 each for each share of KBHL acquired.

6.6. *Investor Loan*

On 24 November 2006, KBHL drew down a long-term loan in the amount of €1,000,000 from shareholders John Barrett and Edward Barrett (also a director) (the "Lenders") which is repayable on demand between 24 May 2012 and 24 November 2013 and which is governed by a loan agreement between the parties. This loan agreement provides that the purpose of this loan is to finance the general working capital requirement of KBHL and the loan carries an annual interest rate of 2 per cent. plus the prime-lending rate of Allied Irish Bank plc.

The loan agreement provides that where any third party directly or indirectly acquires 50 per cent. or more of the voting stock of KBHL or KBHL otherwise merges, consolidates or enters into any similar transaction it is deemed a change of control and therefore an event of default causing the loan to be immediately due and payable on demand of the Lenders.

6.7. *Vudlande Loan*

Between August 2006 and February 2007 finance was raised from shareholders John Barrett, Diarmuid Lynch (also a director), Edward Barrett (also a director), Johnny Barrett, Gordan Salter, Emmet Russell, George Collier, Sean Tobin and Shane Monaghan (the "Lenders") in the total amount of €1,650,000 to develop the Vudlande plant in Latvia (the "Vudlande Loans"). The Vudlande Loans each carry an annual interest rate of 15 per cent. and in each case the term is for five years. It should also be noted under these loan agreements that there is an early repayment clause entitling KBHL to repay the loan in full or in part ahead of maturity term however in this instance KBHL must give the Lenders at least fifteen calendar days advance notice thereof and specify the exact amount payable. On early repayment, in addition to the amount of the principal outstanding, interest accrued as at the date of the early repayment shall be payable.

7. Related party transactions

Save as disclosed in paragraphs 6.6 and 6.7 of this Part IV, there have not been, nor are there contemplated to be, any related party transactions to which the Group has been or will be party – other than the following contemplated transactions:

7.1 On 1 August 2008, Kedco Power Limited entered into a non-binding letter of intent with Platinum Asset Management Limited ("PAM Ltd"), a company registered in Ireland with company number 414738, pursuant to which the parties intend to establish a joint venture company which it is proposed will construct and operate a dry fermentation energy generation facility. Three of the Directors of the Company, being William Kingston, Diarmuid Lynch and Edward Barrett, are also directors and members of PAM Ltd., and between them they hold more than 30 per cent. of the voting shares in PAM Ltd. Accordingly, depending on the commercial terms of any binding agreement reached between Kedco Power Limited and PAM Ltd, the transaction contemplated could constitute a related party transaction for the purposes of the AIM Rules.

7.2 On 1 August 2008, Kedco Power Limited entered into a non-binding letter of intent with Diarmuid Lynch, a Director of the Company, pursuant to which the parties intend to establish a joint venture company which it is proposed will construct and operate a dry fermentation energy generation facility. Accordingly, depending on the commercial terms of any binding agreement reached between Kedco Power Limited and Mr Lynch, the transaction contemplated could constitute a related party transaction for the purposes of the AIM Rules.

8. Taxation

The following summary, which is intended as a general guide only, outlines certain aspects of legislation and Revenue practice in Ireland and the United Kingdom regarding the purchase, ownership and disposition of Ordinary Shares. It is not a complete description of all the possible tax consequences of such purchase, ownership or disposition. It relates only to the position of Ordinary Shareholders who are resident or ordinarily resident in Ireland or the United Kingdom for tax purposes and who hold Ordinary Shares as a capital asset and not for the purpose of a trade. This summary does not address the position of certain classes of Ordinary Shareholders such as dealers in securities, to whom special rules apply. This summary is based on the laws as in force and as applied in practice on the date of this document and is subject to changes to those laws and practices subsequent to the date of this document and on the current Double Taxation Agreement in place between Ireland and the United Kingdom. This summary is not exhaustive and you should consult your own independent advisers as to the tax consequences of the acquisition, ownership and disposition of Ordinary Shares in light of your particular circumstances, including, in particular, the effect of any state, regional or local tax laws.

Irish taxation

8.1. *Withholding Tax*

Withholding tax at the standard rate of income tax (currently 20%) applies to dividend payments and other profit distributions by an Irish tax resident company. The following categories of Irish resident Shareholders are exempt from withholding if they make to Kedco plc, in advance of payment of any relevant distribution, an appropriate declaration of entitlement to exemption:

- an Irish tax resident company;
- an Irish pension fund or Irish charity approved by the Irish Revenue Commissioners;
- a qualifying fund manager or qualifying savings manager;
- a Personal Retirement Savings Account ("PRSA") administrator who is receiving the relevant distribution as income arising in respect of PRSA assets;
- a qualifying employee share ownership trust;
- a collective investment undertaking;
- a designated broker receiving the distribution for a special portfolio investment account;
- a person who is entitled to exemption from income tax under Schedule F on dividends in respect of an investment in whole or in part of payments received in respect of a civil action or from the Personal Injuries Assessment Board for damages in respect of mental or physical infirmity;
- certain qualifying trusts established for the benefit of an incapacitated individual and/ or persons in receipt of such income from such a qualifying trust;
- a person entitled to exemptions to income tax under Schedule F by virtue of Section 192(2) Taxes Consolidation ACT ("TCA") 1997; and
- a unit trust to which Section 731(5) (a) TCA 1997 applies.

The following categories of non-resident Ordinary Shareholders are exempt from withholding tax if they make to Kedco plc, in advance of payment of any dividend, an appropriate declaration of entitlement to exemption:

- persons (other than a company) who (i) are neither resident nor ordinarily resident in Ireland and (ii) are resident for tax purposes in (a) a country which has in force a tax treaty with Ireland (a "tax treaty country") or (b) an EU Member State other than Ireland;
- companies not resident in Ireland which are resident in an EU Member State or a tax treaty country and are not controlled, directly or indirectly, by Irish tax residents;
- companies not resident in Ireland which are ultimately controlled whether directly or indirectly by a person or persons who are, by virtue of the law of a tax treaty partner country or an EU Member State, resident for tax purposes in a tax treaty country or an EU Member State other than Ireland and who are not controlled directly or indirectly by persons who are not resident for tax purposes in a tax treaty country or EU Member State;
- companies not resident in Ireland the principal class of shares of which is substantially and regularly traded on a recognised stock exchange in a tax treaty country or an EU Member State other than Ireland or on an approved stock exchange; or
- companies not resident in Ireland that are 75% subsidiaries of a single company, or are wholly-owned by two or more companies, in either case the principal class(es) of shares of which is/are substantially and regularly traded on a recognised stock exchange in a tax treaty country or an EU Member State other than Ireland or on an approved stock exchange.

In the case of a non-resident Ordinary Shareholder resident in an EU Member State or tax treaty country, the declaration must be accompanied by a current certificate of residence from the revenue authorities in the Ordinary Shareholder's country of residence. In addition, in the case of non-resident companies controlled by residents of an EU Member State other than Ireland or of a tax treaty country certain certification by their auditors is required. The declaration also must contain an undertaking by the non-resident or nonordinarily resident person that he or she will advise the relevant person accordingly if he or she ceases to be non-resident or non-ordinary resident.

No declaration is required where a shareholder which is a company holding more than 5 per cent. of the share capital of Kedco plc and is tax resident in another EU Member State pursuant to the Parent/Subsidiary directive.

A declaration is not required on the payment by a company resident in Ireland to another company so resident where the company making the dividend is a 51% subsidiary of that other company.

Dividends paid to a UK company that do not fall within the above exemptions, will be subject to withholding tax. The Ireland/UK Tax Treaty reduces this withholding tax to:

- 5% of the gross amount of the dividends if the beneficial owner is a company which controls directly or indirectly 10% or more of the voting power in the company paying the dividends;
- in all other cases 15% of the gross amount of the dividends.

For the reduced rate to apply under the Ireland – UK Double Taxation Agreement, it will be necessary for the recipient to demonstrate that it is resident for tax purposes in the UK and should present a certificate of tax residency from the Inland Revenue in this case

This summary does not address the position for intermediaries and qualifying intermediaries, as defined in the Finance Act 1999.

8.2. *Taxation of dividends*

Irish tax resident Ordinary Shareholders who are individuals will be subject to income tax and levies and, depending on their circumstances, social insurance on the aggregate of the net dividend received and the withholding tax deducted. The withholding tax deducted will be available for offset against the individual's income tax liability. An Ordinary Shareholder may claim to have the withholding tax refunded to him to the extent it exceeds his income tax liability.

An Irish tax resident Ordinary Shareholder which is a company will generally not be subject to Irish corporation tax on dividends received from Kedco plc and tax will not be withheld at source by Kedco plc provided the appropriate declaration is made. Following the recent Finance Act, a company which is a close company, as defined under Irish legislation, is no longer subject to a corporation tax surcharge on such dividend income to the extent that it is not distributed. This applies where the dividend is received from a close company, the companies may jointly elect by giving notice to the Collector General in such manner as the Revenue Commissioners may require. If Kedco plc does not remain a close company by virtue of a change in the shareholding of the 5 largest shareholders this will no longer apply.

8.3. *Capital Gains Tax*

The Ordinary Shares constitute chargeable assets for Irish capital gains tax purposes and, accordingly, Ordinary Shareholders who are resident or ordinarily resident in Ireland, depending on their circumstances, may be liable to Irish tax on capital gains (currently 20 per cent.) on a disposal of Ordinary Shares.

Where the Ordinary shareholder is an Irish tax resident company and holds more than 5 per cent. of the ordinary share capital of Kedco plc (for a minimum of 2 years) and the shares do not derive their value or greater part of their value directly or indirectly from Irish land maybe able to avail of the Irish participation exemption where the gain will be exempt from Irish capital gains tax.

If the conditions for the participation exemption are not met then Irish capital gains tax (currently 20 per cent.) will apply to the gain on disposal.

An Ordinary Shareholder who is neither resident nor ordinarily resident in Ireland should not be liable to Irish capital gains tax on a disposal of Ordinary Shares unless the Ordinary Shares (i) are or were held for the purposes of a trade carried on by the shareholder in Ireland or (ii) derive the greater part of their value from Irish land or exploration rights and are unquoted.

An Irish resident individual who is a shareholder and who ceases to be Irish tax resident but remains ordinarily resident will be liable to Irish capital gains tax on any gain realised until he ceases to be ordinarily resident.

8.4. *Stamp Duty*

Irish stamp duty, which is a tax on certain documents, is payable on all transfers of shares of an Irish registered company (other than those that occur, in certain circumstances, between associated companies or between spouses) wherever a document of transfer is executed. Where an operator instruction is generated, within the CREST system, the transfer shall be deemed to be within the charge to Irish stamp duty. Where the transfer is attributable to an arm's length sale, stamp duty will be charged at a rate of one per cent (the *ad valorem* rate), rounded down to the nearest €1, of the amount or value of the purchase price. In the case of a transfer by way of gift (other than an exempt transfer to a spouse), or for a consideration less than the market value of the share transferred, stamp duty will be charged at the *ad valorem* rate on such market value. Where the consideration for the sale is expressed in a currency other than euro, the duty will be charged on the euro equivalent calculated at the rate of exchange prevailing at the date of execution of the transfer.

The transfer of shares where no beneficial interest passes (e.g. a transfer of shares from a beneficial owner to his nominee) is exempt from stamp duty. There is no longer a requirement for a transaction certificate to be included in the transfer document in order to avail of the exemption.

The person accountable for payment of stamp duty is the transferee or in the case of a transfer by way of a gift or for a consideration less than the market value, all parties to the transfer. Stamp duty is normally payable within 30 days after the date of execution of the transfer. Late or inadequate payment of stamp duty will result in liability for interest, penalties and surcharges.

Under an arrangement between Ireland and the United Kingdom, credit is given in Ireland for UK stamp duty payable on the transfer of Ordinary Shares where the instrument of transfer is stampable in both jurisdictions (see below as regards UK stamp duty). Irish stamp duty on CREST operator instructions is collected through the CREST system and passed directly by CREST to the Irish Revenue Commissioner.

8.5. *Capital Acquisitions Tax*

Capital acquisitions tax ("CAT") covers both gift tax and inheritance tax. A CAT liability arises where the disposer or beneficiary is resident or ordinarily resident (unless not domiciled in which case must be resident for 5 consecutive years immediately preceding the year of assessment and resident/ordinarily resident in that year) in Ireland or where the subject matter of the gift or inheritance is Irish property. Registered shares are located in the country of the register. Accordingly, the Ordinary Shares are located in Ireland and a CAT liability may arise on a gift or inheritance of Ordinary Shares, notwithstanding that the gift or inheritance is between two non Irish resident and non ordinarily resident individuals. CAT is applied at rate of 20% on taxable gifts and inheritances.

UK taxation

The statements below are based on current UK tax law and what is understood to be current HM Revenue and Customs published practice. They are intended as a general guide only, for Ordinary Shareholders who are resident and, if individuals, ordinarily resident and domiciled in the UK for UK tax purposes (except insofar as express reference is made to the treatment of non-UK residents). They relate to Ordinary Shareholders who hold their Ordinary Shares as investments and not as trading stock and who are the beneficial owners of those Ordinary Shares. Certain categories of Ordinary Shareholder may be subject to special rules and this summary does not apply to such Ordinary Shareholders, or to Ordinary Shareholders who either directly or indirectly control, alone or together with one or more associated or connected persons, 10% or more of the voting power or equity investment in Kedco plc. Shareholders who are in any doubt about their tax position, or who are resident, or otherwise subject to taxation, in a jurisdiction outside the UK, should consult their own independent professional advisers.

8.6. *Dividends*

8.6.1. An Ordinary Shareholder who is an individual and who is resident or ordinarily resident in the UK for tax purposes or who, although neither resident nor ordinarily resident in the UK, carries on a trade, vocation or profession in the UK through a branch or agency, to which the holding of Ordinary Shares is attributable (a "UK Individual Holder") will generally be subject to UK income tax on dividends received from Kedco plc.

8.6.2. To the extent that a dividend received from Kedco plc represents income of a UK Individual Holder who is subject to UK income tax at the higher rate, it will be subject to income tax at the dividend upper rate (currently 32.5%). To the extent that a dividend received from Kedco plc represents income of a UK Individual Holder who is subject to UK income tax at a rate other than the higher rate, it will be subject to UK income tax at the dividend ordinary rate (currently 10%).

A UK Individual Holder who owns a shareholding of less than 10% in Kedco plc should, be entitled to a non-payable tax credit on dividends received from the company. The value of the tax credit will be one-ninth of the amount of the dividend paid by Kedco plc and the tax credit will be added to the amount paid to compute the gross amount of the dividend paid by Kedco plc. The gross amount of the dividend will be subject to UK income tax as set out above. The tax credit will be available to set against such holder's liability (if any) to tax on the gross amount of the dividend.

8.6.3. An Ordinary Shareholder which is a company and which is resident in the UK for tax purposes or which, although not resident in the UK, carries on a trade in the UK though a permanent establishment to which the holding of Ordinary Shares is attributable will generally be subject to UK corporation tax (currently a maximum of 28%) on the gross amount of any dividends received from Kedco plc.

8.7. *Dividends – non-UK resident shareholders*

Ordinary Shareholders who are not resident or ordinarily resident in the UK for tax purposes and who do not carry on a trade profession or vocation in the UK through a branch, agency or permanent establishment will not be liable to UK tax in respect of dividends received from Kedco plc. Ordinary Shareholders who are not resident in the UK for tax purposes should consult their own independent tax advisers concerning their tax liabilities on dividends received from Kedco plc.

8.8 *Undistributed Income*

The attention of individuals ordinarily resident in the UK for tax purposes is drawn to the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007 (Transfer of Assets Abroad), which may render them liable to UK income tax in respect of the undistributed income of Kedco plc. As the application of those provisions to an individual Ordinary Shareholder may depend upon the personal circumstances of that Ordinary Shareholder (including the Ordinary Shareholder's purpose in acquiring the Ordinary Shares), such Ordinary Shareholders are advised to consult their own advisers with regards to the potential application of those provisions to their particular circumstances.

8.9. *Stamp Duty and Stamp Duty Reserve Tax*

UK stamp duty should generally not need to be paid on the transfer of the Ordinary Shares provided that the instrument transferring the shares is not executed in the UK and does not relate to any property situate in the UK or to any other matter or thing done or to be done in the UK.

No UK SDRT will be payable in respect of any agreement to transfer the Ordinary Shares unless they are registered in a register kept in the UK by or on behalf of Kedco Plc or if they are paired with UK shares.

8.10. *Capital Gains*

A disposal of Ordinary Shares by an Ordinary Shareholder who is either resident or, in the case of an individual, ordinarily resident, for tax purposes in the UK, or an Ordinary Shareholder that is not UK tax resident but carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such branch, agency or permanent establishment may, depending on the Ordinary Shareholder's circumstances and subject to any available exemptions or relief, give rise to a chargeable gain or allowable loss for the purposes of the UK taxation of chargeable gains.

9. Long-Term Incentive Plan

As a means of incentivising the management of the Company, a long-term share incentive plan has been established by the Company.

The A Shares have been created for this purpose. As mentioned above, A Shares do not carry any right to attend or vote at a shareholder meeting of the Company and do not carry any dividend rights (the A Shares do however carry the right upon a liquidation to repayment of up to the amount of the par value paid up on such A Shares).

All holders of Ordinary Shares of €0.01 each had twenty per cent. (20%) of their relevant shareholding re-designated as A Shares by way of shareholder resolution on 19 September 2008. Certain Directors and employees have subscribed for A Shares at a subscription price being the par value of each A Share (€0.01) reflecting the restricted nature and contingent value attaching to such shares.

If the A Shares are subsequently converted in accordance with the conditions for conversion as set out below (and also set out in the summary of the Articles of Association above), and in the absence of any further equity issues by the Company, then those Directors and employees of the Company subscribing for A Shares will hold approximately sixteen and a half per cent. (16.5%) of the issued Ordinary Share capital of the Company thereby diluting the current Ordinary Shareholders' shareholdings accordingly.

All A Shares (being those owned by shareholders as a result of the conversion of 20% of their shareholding of Ordinary Shares referred to above together with those subscribed by members of management of the Company) will convert into Ordinary Shares with full voting and dividend rights following the achievement by the Company of any one of the following performance targets (the "Targets"):

(i) the Company, 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 (based on audited accounts); or

(ii) the Company, 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 (based on audited accounts) (conversion only taking place after 30 June 2011 notwithstanding the achievement of the relevant Target in an earlier year); or

(iii) the Company, 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 in aggregate over the period of such financial years (based on audited accounts).

EBITDA in respect of any relevant financial period means the earnings of the Company before interest, taxation, depreciation and amortisation by reference to the profit and loss account of the Company for the relevant financial period (based on the audited financial statements of the Company 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 Company 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 Company 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 Company or all, or substantially all, of its assets (an "Offer"), immediately prior to completion of such Offer, the A Shares will convert into Ordinary Shares so that they become eligible to participate in such an Offer (notwithstanding if this Offer occurs prior to 30 June 2012).

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

(i) where a member of management ceases to be an employee of the Company 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

(ii) where a member of management ceases to be an employee of the Company (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 Company, remain entitled to benefit under this incentive scheme and have his/her A Shares converted and re-designated into Ordinary Shares.

10. Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings in which the Group is involved (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had in the twelve months preceding the date of this document a significant effect on the Group's financial position.

11. Working capital

The Directors are of the opinion, having made due and careful enquiry, that, taking into account the existing facilities available to the Company, the Company has sufficient working capital for its present requirements, that is at least 12 months from the date of Admission.

12. General

12.1. Save as disclosed in this document, there has been no significant change in the trading or financial position of the Company since 30 June 2008, the date to which the last audited accounts were produced.

12.2. It is estimated that the total expenses payable by the Company in connection with the Admission will amount to approximately €0.95 million (excluding VAT).

12.3. Deloitte & Touche LLP, which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.

12.4. Deloitte & Touche LLP is registered in England and Wales as a limited liability partnership under number OC303675 and its registered office is at Stonecutter Court, 1 Stonecutter Street, London, SC4A 4TR.

12.5. Lewis Charles Securities, which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.

12.6. Deloitte & Touche has given and not withdrawn its written consent to the inclusion in this document of its report set out in Part III and its letter set out therein and the references thereto and to its name in the form and context in which they appear.

12.7. The auditors of the Group since 15 May 2007 are Deloitte & Touche, Ireland, City Chambers 6, Lapp's Quay, Cork, Ireland, who are chartered accountants and are members of the Institute of Chartered Accountants and registered auditors qualified to practice in Ireland.

12.8. The auditors of the Company prior to 15 May 2007 were Quintas Partners, Blackpool Park, Blackpool, Cork, Ireland, who are chartered accountants and are members of the Institute of Chartered Accountants and registered auditors qualified to practice in Ireland.

12.9. Save for the remuneration payable to Deloitte & Touche in respect of its role as auditor to the Company and for the fees payable to it for its report set out in Part III of this document Deloitte & Touche Ireland does not have a material interest in the Company.

12.10. The Directors confirm that, to the extent the information in this document has been sourced from third parties, it has been accurately reproduced and, as far as the Directors are able to ascertain from the information published by the relevant third party, no facts have been omitted which would render that information inaccurate or misleading.

12.11. Save as set out in this document, there are no patents or intellectual property rights, licences or particular contracts which are of material importance to the Group's business or profitability.

12.12. Save as set out in this document, so far as the Directors are aware there are no environmental issues that may affect the Company's utilisation of its tangible fixed assets.

12.13. The Company is not aware of the existence of any takeover bid pursuant to the Irish Takeover Rules, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Ordinary Shares.

12.14. Save as disclosed in this document no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

12.14.1. received, directly or indirectly from the Company within the 12 months preceding the date of this document; or

12.14.2. entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

(a) fees totalling £10,000 or more;

(b) securities of the Company where these have a value of £10,000 or more calculated by reference to the Admission Price; or

(c) any other benefit with the value of £10,000 or more at the date of this document.

12.15. The Ordinary Shares have not been sold, nor are they available, in whole or in part, to the public in connection with the application for Admission.

13. Availability of the Admission Document

Copies of the following documents will be available for inspection free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date falling one month after the date of Admission at the registered office of the Company:

13.1. the memorandum and articles of association of the Company;

13.2. the material contracts referred to in paragraph 6 of Part IV of this document;

13.3. the accountants' report set out in Part III of this document; and

13.4. this document.

Dated 20 October 2008

imprima — C99334

KEDCO plc

The Bio-Science Energy Company

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