

A future worth investing in

Interim Report

for the six months ended 30 June 2009



Renewable Energy Holdings plc

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Chairman's Statement

The half year to 30 June 2009 was notable for poor winds in Germany resulting in lower sales from our German wind farms than in the comparable period to 30 June 2008, but the value crystallised for CETO has increased the company's net assets considerably.

The adverse wind conditions were not specific to our sites but prevailed across much of Germany and Western Europe. As stated in our trading update on 20 May 2009, we consider that these unusual wind conditions are an anomaly to the German 20 year average wind index. As a consequence of these poor winds, we are reporting an operating loss of £1.4 million for the six months to 30 June 2009 (H1 2008: operating loss of £232,932). In addition, a new requirement under IFRS as to the presentation of foreign exchange gains and losses means that we show foreign exchange losses of £2.1 million. This is not a cash loss but a figure arrived at by revaluing property, plant and equipment, along with long term loans, using exchange rates as at 30 June 2009.

The increase in administration costs reflected the carrying of the development of CETO, the Company's wave energy technology, prior to sale. We announced on 11 May 2009 a Heads of Agreement under which REH would sell its Intellectual Property in CETO to Carnegie in exchange for a major shareholding in Carnegie, the Australian Company which has been developing the CETO technology under licence with REH. This important transaction means that we have crystallised material value of approximately £30 million for our shareholders whilst retaining a significant stake in the future value of CETO as the technology is developed and rolled out commercially, and removing the financing of CETO as a future burden on REH shareholders. I am pleased to report that Carnegie shareholders approved this transaction on 4 September 2009 and that financial close is imminent.

I am also very pleased to report that post the period end on 7 September 2009 we acquired Gamar GHL, the Polish Windfarm development company, now fully permitted to build a 30 MW wind farm in S.E Poland. We intend to secure strong shareholder value from this asset which we believe has the ability to produce approximately £7.5 million of revenue annually. Decisions as to how and when to take the project forward will depend on the funding of the construction costs in a situation where financial markets are still very uncertain. However, we believe the renewable energy sector should be one of the first to benefit from a recovery and that long term prospects, reflecting international governmental support for renewable energy, remain encouraging for the Company and the sector.

Outlook

Despite the unseasonal wind conditions experienced during the first half, the winds have since the period end improved and REH has delivered sales meeting management's expectations in Q3. With regards to the Welsh landfill gas asset, we drilled new production wells in August, which have increased gas production from a steady rate of 450 MW/h in H1 to an average of 600 MW/h per month since.

The Board feels that your company has never been in better shape, with electricity producing assets in place, a healthy pipeline of future development projects and access to the upside potential of CETO, whilst having crystallised a substantial gain for our shareholders from the development of CETO.

All this being so, your Board looks to the future with confidence.

Sir John Baker
Chairman

Renewable Energy Holdings plc

**Interim consolidated income statement for the six months ended 30 June 2009
(unaudited)**

	Note	Six months ended 30 June 2009 (Unaudited) £	Six months ended 30 June 2008 (Unaudited) (Restated) £	Year ended 31 December 2008 (Audited) £
Revenue & gross profit		2,424,129	2,634,228	5,307,954
Other operating income		37,123	-	59,220
Administrative expenses		<u>(3,842,950)</u>	<u>(2,867,160)</u>	<u>(6,234,698)</u>
Loss from operations		(1,381,698)	(232,932)	(867,524)
Finance costs		(720,162)	(911,419)	(1,215,391)
Finance income		76,016	214,552	288,640
Share of losses in associates		<u>(155,196)</u>	<u>-</u>	<u>(195,660)</u>
Loss before tax	3	(2,181,040)	(929,799)	(1,989,935)
Tax expense		<u>(227,384)</u>	<u>87,858</u>	<u>86,710</u>
Loss after tax attributable to the equity holders of the parent		<u>(2,408,424)</u>	<u>(841,941)</u>	<u>(1,903,225)</u>
Loss per share - basic and diluted		(3.67p)	(1.15p)	(2.91p)

Renewable Energy Holdings plc

Interim consolidated statement of comprehensive income for the six months ended 30 June 2009 (unaudited)

	Six months ended 30 June 2009 (Unaudited) £	Six months ended 30 June 2008 (Unaudited) (Restated) £	Year ended 31 December 2008 (Audited) £
Loss for the period	(2,408,424)	(841,941)	(1,903,225)
Other comprehensive income			
Exchange differences on translating foreign operations	(2,158,174)	825,692	3,810,976
Revaluation of available for sale financial assets	<u>259,926</u>	<u>-</u>	<u>(34,066)</u>
Total comprehensive income/(expense) for the period	<u>(4,306,672)</u>	<u>(16,249)</u>	<u>1,873,685</u>
Total comprehensive income/(expense) attributable to the equity holders of the parent	<u>(4,306,672)</u>	<u>(16,249)</u>	<u>1,873,685</u>

Renewable Energy Holdings plc

Interim consolidated statement of changes in equity for the six months ended 30 June 2009 (unaudited)

	Share capital	Share premium reserve	Convertible loan notes	Foreign exchange reserve	Share based payment reserve	Merger reserve	Available for sale reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£	£
Balance at 31 December 2008	655,586	26,025,411	1,500,000	4,580,654	1,046,960	4,410,000	(34,066)	(9,142,784)	29,041,761
Changes in equity 1 Jan 2009 -30 June 2009									
Total comprehensive income for the year	-	-	-	(2,158,174)	-	-	259,926	(2,408,424)	(4,306,672)
Share based payment charge	-	-	-	-	<u>16,163</u>	-	-	-	<u>16,163</u>
Balance at 30 June 2009	<u>655,586</u>	<u>26,025,411</u>	<u>1,500,000</u>	<u>2,422,480</u>	<u>1,063,123</u>	<u>4,410,000</u>	<u>225,860</u>	<u>(11,551,208)</u>	<u>24,751,252</u>

Renewable Energy Holdings plc

Interim consolidated statement of changes in equity for the six months ended 30 June 2008 (unaudited)

	Share capital	Share premium reserve	Convertible loan notes	Foreign exchange reserve	Share based payment reserve	Merger reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£
Balance at 1 Jan 2008	619,586	24,261,411	-	769,678	1,009,119	4,410,000	(6,489,559)	24,580,235
As previously reported								
Change in accounting policy (note 2)	-	-	-	-	-	-	(750,000)	(750,000)
Restated balance	619,586	24,261,411	-	769,678	1,009,119	4,410,000	(7,239,559)	23,830,235
Changes in equity 1 Jan 2008 to 30 June 2008								
Total comprehensive income for the year (Restated)	-	-	-	825,692	-	-	(841,941)	(16,249)
Share based payment charge	-	-	-	-	12,202	-	-	12,202
Issue of share capital	36,000	1,764,000	-	-	-	-	-	1,800,000
Issue of convertible loan notes	-	-	1,500,000	-	-	-	-	1,500,000
Balance at 30 June 2008	<u>655,586</u>	<u>26,025,411</u>	<u>1,500,000</u>	<u>1,595,370</u>	<u>1,021,321</u>	<u>4,410,000</u>	<u>(8,081,500)</u>	<u>27,126,188</u>

Renewable Energy Holdings plc

Consolidated statement in changes in equity for the year ended 31 December 2008 (Audited)

	Share capital	Share premium reserve	Convertible loan notes	Foreign exchange reserve	Share based payment reserve	Merger reserve	Available for sale reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£	£	£
Balance at 31 December 2007	619,586	24,261,411	-	769,678	1,009,119	4,410,000	-	(6,489,559)	24,580,235
As previously reported									
Change in accounting policy (note 2)	-	-	-	-	-	-	-	(750,000)	(750,000)
Restated balance	619,586	24,261,411	-	769,678	1,009,119	4,410,000	-	(7,239,559)	23,830,235
Changes in equity 2008									
Total comprehensive income for the year	-	-	-	3,810,976	-	-	(34,066)	(1,903,225)	1,873,685
Share based payment charge	-	-	-	-	37,841	-	-	-	37,841
Issue of share capital	36,000	1,764,000	-	-	-	-	-	-	1,800,000
Issue of convertible loan notes	-	-	1,500,000	-	-	-	-	-	1,500,000
Balance at 31 December 2008	<u>655,586</u>	<u>26,025,411</u>	<u>1,500,000</u>	<u>4,580,654</u>	<u>1,046,960</u>	<u>4,410,000</u>	<u>(34,066)</u>	<u>(9,142,784)</u>	<u>29,041,761</u>

Renewable Energy Holdings plc

Interim balance sheet at 30 June 2009

	Note	30 June 2009 (Unaudited) £	30 June 2008 (Unaudited) (Restated) £	31 December 2008 (Audited) £
Non-current assets				
Property, plant & equipment	3	38,201,970	36,876,423	44,635,539
Intangible assets	3	1,773,533	10,589,662	11,718,616
Non current assets held for sale	3	10,721,228	-	-
Investments in equity accounted associates	3	139,144	49	294,340
Current assets				
Cash and cash equivalents		4,060,648	9,566,277	6,451,580
Trade and other receivables		1,807,162	1,791,429	2,384,473
Available for sale investments		<u>497,393</u>	<u>-</u>	<u>221,711</u>
Total current assets	3	6,365,203	11,357,706	8,836,053
Total assets		<u>57,201,078</u>	<u>58,823,840</u>	<u>65,706,259</u>
Current liabilities				
Trade and other payables		1,645,868	1,633,021	727,683
Tax liability		227,384	-	-
Other financial liabilities		2,326,743	2,142,625	2,688,317
Total current liabilities		4,199,995	3,775,646	3,416,000
Non current liabilities				
Financial liabilities		24,114,608	24,957,893	29,358,234
Deferred licence fee income		3,905,314	2,750,000	3,626,981
Deferred tax liability		<u>229,909</u>	<u>214,113</u>	<u>263,283</u>
Total non current liabilities		28,249,831	27,922,006	33,248,498
Total liabilities	3	<u>32,449,826</u>	<u>31,697,652</u>	<u>36,664,498</u>
NET ASSETS	3	<u>24,751,252</u>	<u>27,126,188</u>	<u>29,041,761</u>

Renewable Energy Holdings plc

Interim balance sheet at 30 June 2009 *(continued)*

	30 June 2009	30 June 2008	31 December 2008
Note	(Unaudited)	(Unaudited) (Restated)	(Audited)
	£	£	£
Capital and reserves attributable to equity holders of the company			
Share capital	655,586	655,586	655,586
Share premium reserve	26,025,411	26,025,411	26,025,411
Convertible loan notes	1,500,000	1,500,000	1,500,000
Foreign exchange reserve	2,422,480	1,595,370	4,580,654
Share based payment reserve	1,063,123	1,021,321	1,046,960
Merger reserve	4,410,000	4,410,000	4,410,000
Available for sale reserve	225,860	-	(34,066)
Retained earnings	<u>(11,551,208)</u>	<u>(8,081,500)</u>	<u>(9,142,784)</u>
TOTAL EQUITY	<u>24,751,252</u>	<u>27,126,188</u>	<u>29,041,761</u>

These financial statements were approved by the Directors on September 2009

John Baker, Chairman

Michael J. Proffitt, Director

Renewable Energy Holdings plc

Interim cash flow statement for the six months ended 30 June 2009

	Note	30 June 2009 (Unaudited) £	30 June 2008 (Unaudited) (Restated) £	31 December 2008 (Audited) £
Operating activities				
Loss before tax		(2,181,040)	(929,799)	(1,989,935)
Adjustments for :				
Depreciation		1,147,337	1,042,510	2,174,834
Amortisation		52,679	52,440	105,358
Foreign exchange gain/(loss)		(247,158)	24	230,887
Finance income		(76,016)	(214,552)	(288,640)
Finance expense		720,162	911,419	1,215,391
Share of loss in associate		155,197	-	195,660
Equity settled share based payment		<u>16,163</u>	<u>12,202</u>	<u>37,841</u>
Cashflow from operating activities before changes in working capital		(412,676)	874,244	1,681,396
(Increase)/decrease in trade and other receivables		659,322	(181,146)	(774,190)
Increase in trade and other payables		<u>1,163,143</u>	<u>2,404,390</u>	<u>2,346,707</u>
Cash generated from operations		<u>1,409,789</u>	<u>3,097,488</u>	<u>3,253,913</u>
Income taxes received/(paid)		<u>-</u>	<u>(47,372)</u>	<u>165,208</u>
Cash flows from operating activities		<u>1,409,789</u>	<u>3,050,116</u>	<u>3,419,121</u>

Renewable Energy Holdings plc

Interim cash flow statement for the six months ended 30 June 2009 *(continued)*

	30 June 2009 (Unaudited)	30 June 2008 (Unaudited) (Restated)	31 December 2008 (Audited)
	£	£	£
Cash flows from operating activities (brought forward)	<u>1,409,789</u>	<u>3,050,116</u>	<u>3,419,121</u>
<i>Investing activities</i>			
Acquisition of property, plant & equipment	(286,912)	-	(622,708)
Acquisition of intangible assets	(825,879)	(2,069,853)	(3,285,831)
Investment in associate	-	(49)	(490,000)
Acquisition of investments available for sale	-		(255,777)
Finance income received	<u>76,016</u>	<u>214,552</u>	<u>288,640</u>
Cash flow from investing activities	<u>(1,036,775)</u>	<u>(1,855,350)</u>	<u>(4,365,676)</u>
<i>Financing activities</i>			
Issue of ordinary shares	-	1,800,000	1,800,000
Issue of convertible loan notes	-	1,500,000	1,500,000
Repayment of bank borrowing	(1,571,996)	(1,345,825)	(2,599,910)
Finance costs paid	<u>(802,172)</u>	<u>(911,419)</u>	<u>(1,215,391)</u>
Cash flow from financing activities	<u>(2,374,168)</u>	<u>1,042,756</u>	<u>(515,301)</u>
Increase/ (decrease) in cash and cash equivalents	(2,001,154)	2,237,522	(1,461,856)
Cash and cash equivalents at beginning of period	6,451,580	7,115,053	7,115,053
Exchange gains on cash and cash equivalents	(389,778)	213,702	798,383
Cash and cash equivalents at end of period	<u>4,060,648</u>	<u>9,566,277</u>	<u>6,451,580</u>

1. Basis of preparation

This unaudited consolidated interim financial information has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRSs).

The principal accounting policies used in preparing the interim results are those the Group expects to apply in its financial statement for the year ended 31 December 2009 and are unchanged from those disclosed in the Group's Report and Financial Statements for the year ended 31 December 2008, except for the adoption of IAS 1 "Presentation of Financial Statements" (Revised).

IAS 1 Presentation of Financial Statements (Revised) includes the requirement to present a Statement of Changes in Equity as a primary statement and introduces the possibility of either a single Statement of Comprehensive (combining the Income Statement and a Statement of Comprehensive Income) or to retain the Income Statement with a supplementary Statement of Comprehensive Income. The second option has been adopted by the Group in the preparation of the interim financial statements. As this standard is concerned with presentation only it does not have any impact on the results or net assets of the Group.

While the financial information included in this interim consolidated financial information has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted by the EU (IFRSs), this interim consolidated financial information does not itself contain sufficient information to comply fully with IFRSs.

The financial information for the six months ended 30 June 2009 and 30 June 2008 is unaudited and does not constitute the Group's statutory financial statements for those periods. The comparative financial information for the full year ended 31 December 2008 has, however, been derived from the statutory financial statements for that period. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 15.4 of the Isle of Man Companies Act 1982.

2. Change in accounting policy

The comparative figures for the six month period to the 30 June 2008 have been restated in accordance with the change in accounting policy as explained in the annual report for the year ended 31 December 2008.

Renewable Energy Holdings plc

3. Segment Information

The Group's reporting segments are; Head Office, CETO development, Windfarms, and Landfill gas. This reflects the internal reporting structure of the group.

Six months ended 30 June 2009	Head Office Isle of Man £	CETO Development Australia £	Windfarms Germany £	Landfill gas Wales £	Total £
<i>Income</i>					
Revenue	145,677	-	2,079,695	198,757	2,424,129
Finance income	70,799	32	5,098	87	76,016
Other income	36,204	919	-	-	37,123
	<u>252,680</u>	<u>951</u>	<u>2,084,793</u>	<u>198,844</u>	<u>2,537,268</u>
Total profit/(loss) before taxation	<u>(1,227,876)</u>	<u>(470,699)</u>	<u>(482,322)</u>	<u>(143)</u>	<u>(2,181,040)</u>
<i>Balance Sheet</i>					
Property, plant & equipment	793,544	-	37,221,330	187,096	38,201,970
Intangible assets	-	-	-	1,773,533	1,773,533
Investment in associate	139,144	-	-	-	139,144
Non current assets held for sale	-	10,721,228	-	-	10,721,228
Current assets	3,640,450	59,144	2,560,203	105,406	6,365,203
<i>Liabilities</i>	(602,170)	(4,693,335)	(26,888,072)	(266,249)	(32,449,826)
Net assets	<u>3,970,968</u>	<u>6,087,037</u>	<u>12,893,461</u>	<u>1,799,786</u>	<u>24,751,252</u>

Renewable Energy Holdings plc

3. Segment Information *(continued)*

Six months ended 30 June 2008 (Restated)	Head Office Isle of Man £	CETO Development Australia £	Windfarms Germany £	Landfill gas Wales £	Total £
<i>Income</i>					
Revenue	7,824	2,985	2,335,333	288,086	2,634,228
Finance income	156,776	14,069	43,635	72	214,552
	164,600	17,054	2,378,968	288,158	2,848,780
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total profit/(loss) before taxation	(1,035,172)	17,054	(8,554)	96,873	(929,799)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Balance Sheet</i>					
Property, plant & equipment	-	-	36,709,366	167,057	36,876,423
Intangible assets	-	8,710,532	-	1,879,130	10,589,662
Equity accounted associate	49	-	-	-	49
Current assets	7,148,700	160,674	4,006,566	41,766	11,357,706
<i>Liabilities</i>	(289,298)	(2,918,446)	(28,230,150)	(259,758)	(31,697,652)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	6,859,451	5,952,760	12,485,782	1,828,195	27,126,188
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Renewable Energy Holdings plc

3. Segment Information *(continued)*

Year ended 31 December 2008	Head Office Isle of Man £	CETO Development Australia £	Windfarms Germany £	Landfill gas Wales £	Total £
<i>Income</i>					
Revenue	155,505	-	4,642,774	509,674	5,307,953
Finance income	232,533	16,686	38,988	433	288,640
Other income	52,208	7,013	-	-	59,221
	440,246	23,699	4,681,762	510,107	5,655,814
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total profit/(loss) before taxation	(2,284,219)	23,699	148,789	121,796	(1,989,935)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Balance Sheet</i>					
Property, plant & equipment	618,772	-	43,888,848	127,919	44,635,539
Intangible assets	-	9,892,404	-	1,826,212	11,718,616
Investment in associate	294,340	-	-	-	294,340
Investments available for sale	221,711	-	-	-	221,711
Current assets	4,160,676	364,365	4,118,835	192,177	8,836,053
<i>Liabilities</i>	(197,287)	(3,658,632)	(32,689,371)	(119,208)	(36,664,498)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	5,098,212	6,598,137	15,318,312	2,027,100	29,041,761
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

4. Events after the balance sheet date

On the 6 August 2009 the company exercised its option to purchase Gamar GHL for €2,000,000. Gamar is a Polish development company, fully permitted to build a 30MW wind project in Kobylany, Southeast Poland.

On the 31 July 2009 Utilico Limited provided the company with a £2,500,000 loan. The loan is convertible in whole or in part into ordinary shares at any time before 31 July 2011, conditional upon the approval of the independent shareholders of REH on a poll at an extraordinary general meeting of the Company to be convened in due course, and upon receipt of a waiver from the Panel from the obligations of Utilico to make an offer for REH under Rule 9 of the City Code. Should such independent shareholder approval and such a waiver be received, the Utilico loan will, when Utilico exercises its conversion right, convert at a price of 30.25 pence per ordinary share. Draw down of funds under the Utilico Loan is not conditional upon such approval or waiver being given.

On the 31 July 2009 4,050,832 new ordinary shares of 1 pence each were issued by way of a placing at 24 pence per new ordinary share.

Independent review report to Renewable Energy Holdings plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the Interim Consolidated Income Statement, the Interim Consolidated Statement of Changes in Comprehensive Income, the Interim Consolidated Statement of changes in Equity, the Interim Consolidated Balance Sheet, the Interim Consolidated Cash Flow Statement and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO Stoy Hayward LLP
Chartered Accountants
Gatwick